

مكة في العراق

MARKETS  
new  
city

Alex ... 15	London ... 2500	Portugal ... 65
Bahia ... 15	Italy ... 1100	S. Africa ... 6.00
Bombay ... 15	Japan ... 1500	Singapore ... 4.10
Calcutta ... 15	Kenya ... 500	Sri Lanka ... 1.50
Cebu ... 15	Korea ... 1000	Taiwan ... 1.50
Dubai ... 15	Libya ... 1000	Tanzania ... 1.50
Hong Kong ... 15	Mexico ... 1000	Turkey ... 1.50
India ... 15	Nigeria ... 1000	U.A.E. ... 1.50
Indonesia ... 15	Philippines ... 1000	U.S.A. ... 1.50

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Friday November 11 1983



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European 500,  
Section IV

## NEWS SUMMARY

### Heineken U.S. and Japan act to firm yen value

The kidnapers of Heineken Breweries chairman Freddy Heineken told Dutch police yesterday they would murder him and his chauffeur if any ransom attempt was made. They were seized by three masked men as Mr Heineken left his central Amsterdam offices on Wednesday evening. Taxi drivers gave chase but were soon left behind amid the heavy traffic. It is uncertain whether a ransom has been demanded. Company management has indicated that it is ready to pay to free Mr Heineken, in spite of a written undertaking to the contrary signed by directors this year at Mr Heineken's request.

**N-missile date**  
Nato's high-level Special Consultative Group reaffirmed that Pershing 2 and cruise missiles in Europe will be operational by the end of the year. Page 2. The Soviet Union told West Germany it would break off arms talks with the U.S. if the Bonn parliament approved the deployment of U.S. nuclear missiles. SPD deputy parliamentary leader Horst Ehmke said.

**Strikes hit Dutch**  
Growing public-sector strikes over proposed pay cuts halted transport in many areas in the Netherlands and threatened the giro payments system.

**Job for ex-minister**  
Ove Rainer, who resigned on Tuesday as Sweden's Justice Minister after controversy over his taxes, was named a supreme court judge.

**Earthquake costs**  
About 1,000 people were made homeless in Tuesday's earthquake in Liege, Belgium, and about Br2.5bn (\$40m) damage was caused.

**Ramphal hits at U.S.**  
Commonwealth Secretary-General Shridath Ramphal criticised the U.S. for pursuing domestic policies "without much concern for their effects on world economic recovery."

**Aircraft talks denied**  
Britain denied a Beirut newspaper report that Iran had been having talks on buying Jaguar fighter aircraft to offset French sales of Super Etendards to Iraq. Swiss deliver trainers, Page 2.

**Air crash claim**  
Angolan guerrillas claimed responsibility for Tuesday's crash of an Angolan Boeing 737 in which 128 people were killed. Page 4.

**Petrol supply threat**  
France's 35,000 independent petrol distributors threatened to close, at the start of the Armistice Day holiday weekend, in protest at a government move to allow bigger price discounts.

**Skiing for TV**  
The French Government agreed to fund live television coverage of three World Cup skiing meetings in the French Alps after television channels said they could not afford it.

**Briefly...**  
France closed its Tehran embassy's commercial section at the request of Iran. Page 2.  
Detained former Zimbabwean Prime Minister Bishop Abel Muzorewa ended a hunger strike after eight days.  
Turkish daily newspaper Gunaydin, closed on October 30 by martial law authorities, was republished.

## Syria may face reprisal over attack on U.S. jets

BY PATRICK COCKBURN IN TRIPOLI

SYRIAN anti-aircraft guns opened fire on U.S. reconnaissance planes overflying Lebanon yesterday in a dramatic escalation of the conflict between the two countries. Diplomats in Beirut believe the U.S. may respond by attacking Syrian anti-aircraft bases in eastern and central Lebanon. Washington is known to have considered using its planes based on aircraft carriers off the Lebanese coast since more than 230 marines were killed by a bomb last month. Syria said its anti-aircraft fire had driven off F-14s, and the U.S. confirmed that one of its aircraft had encountered what appeared to be hostile fire over the Bekaa Valley. A Syrian spokesman in Damascus said the U.S. was mistaken if it considered the air space above Syrian troops as "a good picnic place for its espionage planes."

The crisis in Lebanon was also deepened yesterday by the collapse of the ceasefire in the northern city of Tripoli. After a lull in the fighting between Palestinians loyal to the leadership of Mr Yasser Arafat, chairman of the Palestine Liberation Organisation (PLO), and his Syrian-backed opponents, heavy shelling of Tripoli resumed yesterday afternoon. Much of the city lost its daylight as the pale yellow sun became masked by the vast cloud of dark smoke rising from a burning oil refinery in the northern outskirts of Tripoli. This city is now in the front line, with rebel PLO forces, backed by Syrian artillery, making a two-pronged attack on either side of Terbol Mountain, which towers above Tripoli to the east.

Mr Arafat's men are giving a good account of themselves. Colonel Abu Mousa, who has led the PLO dissidents, has not been able to gain control of Deir Ammar, a village on a hill overlooking the coastal road. As the ceasefire broke down yesterday afternoon, shells could be seen exploding on the mountainside.

Syrian artillery is shelling the city intensively for the first time. Col Ghandour, gendarmerie commander for northern Lebanon said that only 25 people in Tripoli had died and 150 had been wounded up to yesterday. Most of the casualties have been outside the city limits among the combatants and in the two Palestinian camps to the north.

Beddawi camp, above the banana groves on the coastal road, was almost deserted yesterday morning although families occasionally emerged from apparently deserted houses to make a break for safety. There was sporadic shelling and the occasional rattle of machine-gun fire. Mr Arafat's men looked tired after six days fighting, but are holding fast in most areas.

Mr Arafat accused the Syrians of breaking the ceasefire, saying they had brought up a fresh mechanised division into northern Lebanon in addition to the one they already have in the area. As he spoke there was the background roar of rockets being fired by his men against Syrian artillery which had started shelling the port area. Local Lebanese leaders believe that Mr Arafat plans to hold on while political pressures mount for a permanent truce.

Palestinians in Tripoli claim the ceasefire was used as a ploy by the Syrians to postpone an escalation of the fighting until after the Gulf Co-operation Council meeting in Qatar had broken up.

Mr Arafat gave no indication that he plans to leave Tripoli - despite an offer yesterday by Italy to bring him out of the city. He denied that local leaders had asked the PLO to leave.

Peace talks, Page 2

World Bank will test bond markets in major drive for funds

BY MARY ANN SIEGHART IN LONDON

The World Bank, the largest borrower on the international bond markets, is embarking on large new borrowing ventures in an effort to tap previously unused sources of funds.

Mr Eugene Rotberg, the bank's treasurer, said yesterday that it would issue its first ever floating-rate note (a bond with interest payments pegged to short-term interest rates) within six months. He also announced a new method of tapping central bank reserves and said the bank had expanded its activities in the short-term, floating-rate "discount note" market in the U.S.

Mr Rotberg said the bank had been in the limelight over the last few weeks as demand from central and commercial banks has surged. Sweden issued a \$500m FRN in the Eurobond market two weeks ago, which was promptly debuffed to \$1bn because demand was so strong. Faced with reschedulings from the debtor countries, the banks want to compensate on their balance sheets with floating-rate assets from good credits.

The World Bank, however, will use the U.S. domestic market rather than the Eurobond market for its FRNs and it intends to raise about \$500m by this method in the next six or seven months. Some of the money will be used for on-lending, helped by the change in rate-setting policy last year, which now allows the bank to reset its lending rates every six months. The interest on FRNs is also paid and reset twice yearly.

Some of the floating-rate money raised will, however, be "swapped" for fixed-rate funds. Here, a counterparty that has issued a fixed-rate bond will take on the World Bank's floating-rate liability and vice versa. The bank also intends by the New Year to set up a facility for borrowing central bank reserves and paying interest based on a small margin over a comparable U.S. Treasury bill. The banks will be able to withdraw their money at two days' notice with no penalty. The World Bank hopes to draw in about \$750m through that source.

Mr Rotberg also announced that the bank had issued more discount notes, the short-term money market paper issued on the U.S. domestic market. As of July, there was \$1.5bn of those notes outstanding that has been increased to \$2bn. Since July 1, the World Bank has borrowed \$3.5bn worth of fixed-rate bonds in the international capital markets. But Mr Rotberg insists: "I cannot imagine there being any financial constraints to an increased borrowing role of the bank."

Peter Montagnon added: The World Bank is looking at the possibility of creating a new affiliate to channel resources to developing countries, Mr Rotberg said yesterday.

Outlines of the proposal are still vague, however, and no particular plan has been submitted to member governments or to the bank's own board. This may still take several months, he said. It is already clear, however, that any affiliate will not be used to take developing-country loans off the books of commercial banks, or to guarantee those loans. Nor would it subsidise interest rates charged on commercial bank loans.

The idea of an affiliate that would be able to lend several times its capital was first suggested by the Financial Times in September. Loan operations by the bank itself are restricted by charter and may not exceed its capital resources, including capital that is callable from member governments.

## Brazil unlikely to meet \$6.5bn debt deadline

BY PETER MONTAGNON IN LONDON AND ANDREW WHITLEY IN RIO DE JANEIRO

SUBSCRIPTIONS to Brazil's \$6.5bn loan from its commercial bank creditors, a crucial element in its \$11bn debt rescue package, were approaching \$4bn as the deadline for replies drew near last night.

Despite a rush of last-minute replies Brazil was not expected to raise the full amount by the subscription deadline of midnight New York time.

Pressure on banks to subscribe to the loan will continue next week as the International Monetary Fund executive board prepares to vote on Brazil's economic programme next Friday.

The difficulties of securing positive replies to the loan request are leading some creditor banks to consider other ways of helping Brazil in the longer term.

Support is growing among U.S. regional banks for a radical approach, including loans at subsidised interest rates, according to a leading Brazilian investment banker, just back from the U.S.

The case for a much fuller renegotiation of debt payments terms, including artificially low fixed-interest rates, was given powerful backing yesterday by Sr Olavo Sabatini, president of Banco Itaú, Brazil's second largest private bank.

Sr Sabatini, who is a highly influential figure in the Brazilian business community and is being tipped as a future finance minister, called for a fresh renegotiation of Brazil's debt early in the New Year.

Privately, many U.S. and European bankers based in Brazil agree that given the mounting political pressures on the Figueiredo Government it would be sensible soon to devise a formula that would give Brazil more relief from external financial pressures than is now in prospect. The Brazilian Government is concerned about the need to ensure a smooth transition to a civilian president within the next 15 months.

In the short term, however, attention will focus on the looming IMF deadline as replies to the \$6.5bn loan request continue to flow. Bankers in New York said yesterday that one positive sign was that subscriptions were coming in from some smaller, smaller banks and no bank of substance had so far declined to subscribe.

Until now slow replies have been mainly the result of the administrative need for creditor banks to obtain board authorisation for the loan. By late today, however, it should be possible to identify pockets of resistance to the loan. They are expected to concentrate mainly on smaller banks in the U.S. and Southern Europe.

Pressure on these banks will continue even after next Friday's IMF vote. On Monday Mr William Rhodes, chairman of the 14bank advisory committee of leading creditor banks, is due to report to the Fund on the loan's progress.

New hope for U.S. payment to IMF, Page 44

UK union not to defy labour law

By Our London Staff

A BRITISH trade union, the Post Office Engineering Union (POEU), yesterday agreed to comply with a court order not to continue industrial action. Its decision, taken overwhelmingly by delegates at the union's conference, averted what would have been the first serious defiance of labour legislation introduced by the Conservative Government.

The UK Appeal Court on Wednesday made a temporary order under the 1982 Employment Act, giving the POEU 48 hours to call off its industrial action against the private company Mercury Communications. Engineers employed by the state-owned British Telecom had been instructed by their union not to connect Mercury to the public telecommunications network.

The POEU has been campaigning vigorously against the proposed privatisation of British Telecom since last year.

Details, Page 8  
Law Report, Page 27

## Britain isolated in EEC budget wrangle

By John Wyles in Athens

EEC Ministers ended the second day of their vital financial negotiations in Athens last night with Britain isolated over how to resolve its budget payments issue and with little progress made on other Community reform issues.

That leaves the Foreign, Finance and Agriculture Ministers with a great deal to do on the closing day today of their special meeting to prevent dire prophecies of doom for the Heads of Government summit in the Greek capital early next month from coming true.

Attention is now focusing on the UK's approach to the negotiations. Sir Geoffrey Howe, the British Foreign Secretary, and Mrs Margaret Thatcher, the Prime Minister, face the difficult tactical choice between seeking a budget deal on the basis desired by other member states or forcing a summit showdown in a bid to secure a long-term solution in accordance with British proposals.

Agriculture Ministers yesterday spent hours confirming that they were divided on how to secure economies in the Common Agricultural Policy, particularly in its highly expensive dairy sector.

Meanwhile, meeting separately, Foreign Ministers continued their so far fruitless search for agreement on a priority list of new EEC policies to be endorsed by next month's summit.

Much to the UK's relief, though, the European Commission's latest method of calculating the British budget problem as less than half the current gap between the UK's payments to and receipts from Brussels drew little support yesterday.

They were instead rallying around a Danish idea, and various it, that the gap should be the difference between Britain's share of EEC gross domestic product and its share of budget payments. That may, however, produce a result just as unacceptable to the UK as is the Commission's proposal.

Ministers were expected to consider a compromise table by the Greek presidency of the Council of Ministers, which is based on the

Continued on Page 20  
Why Britain is at odds with the EEC, Page 2

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## EUROPEAN NEWS

## Swedish unions demand 7% wage rise

By David Brown in Stockholm

SWEDEN'S blue collar trade union federation, Landsorganisationen (LO) yesterday fired the opening shot in the potentially contentious 1984 national pay negotiations by demanding an average 7 per cent wage increase for its 2.2m members.

The demand, including increases from the previous pay round still to be implemented as well as new employer taxes and levies, implies an increase of 11 per cent in labour costs, according to the employer's federation.

The Government had wanted a 6 per cent limit on the wage demand as part of its emergency programme to bring the economy under control. It said it was necessary to achieve an inflation target of 4 per cent next year — a goal widely considered hopelessly optimistic.

Inflation has been running at 9.3 per cent on a 12-month basis, but has moderated to 8.1 per cent over the past three months.

In this year's pay agreement, the LO accepted an average decline of some 2 per cent in real incomes. This followed a government request for moderation after the 16 per cent devaluation of the krona last October.

Since the start of the year, industrial profitability has almost doubled, due largely to a boom in exports. Mr Sig Malm, the LO leader, said yesterday that high corporate profits should allow a real increase in this year's pay round.

He said the pay for LO workers cannot be allowed to fall further behind white collar salaries employees who will benefit from a marginal tax reform agreed between the previous Centre-Left coalition Government and the Social Democrats.

Mr Kjell Olof Feldt, the Finance Minister, yesterday announced changes in the marginal tax agreement which decrease the benefit to relatively higher paid workers like white collar employees. The new plan will finance a tax shortfall of some SKr 3.3bn (£282m) over the next two years, with controversial new taxes on company payrolls, or so-called taxes of production.

The white collar workers rejected the change and said they will have to renegotiate a two-year pay agreement signed earlier this year.

## TEHRAN RETALIATES FOR JET SALE TO IRAQ

### Iran severs its ties with France

BY DAVID HOUSEGO IN PARIS

THE IRANIAN Government appears to have imposed an almost total boycott on trade and economic ties with France in retaliation for the French sale to Iraq of five Super Etendard aircraft.

According to the French commercial counsellor in Tehran, the Iranian Government has forbidden imports from France and said that French banks will be cut out from the financing of Iranian oil sales.

The French Ministry of Foreign Affairs also confirmed yesterday that Iran has asked France to close its commercial office in Paris as well as the French research institutes in Tehran. The two institutes, for archaeology and Iranian studies, have effectively ceased operation for some time.

A spokesman for the Quai d'Orsay said last night that the reprisals were not surprising. The Government has drawn consolation from the fact that Iran has not given any publicity to its decisions.

It remains to be seen how tightly they will be enforced. But the Iranian reaction does carry the risk of heavier retaliation should Iraq use its Super

Etendards against tankers that have loaded in Iranian ports.

French exports to Iran fell by 40 per cent to FFf 2.1bn (£175m) last year compared to 1981. On the other hand France has stepped up sharply its purchases of Iranian oil as reflected in the rise in imports which expanded by 129 per cent last year to FFf 5.5bn.

In the first eight months of this year purchases from Iran accounted for 6 per cent of French oil imports.

Potentially the most serious impact of the Iranian measures will be the exclusion of French banks from financing Iranian

oil sales. Their role in this \$15bn-\$20bn market is said to be considerable.

France has taken the risk of supplying Iraq with Super Etendards in the belief that Iraq should not be allowed to lose the Gulf war. The French increasingly believe that their action has the support of the Gulf states—which fear the instability in the region that could follow an Iraqi defeat—and of other Western governments.

The Security Council has recently approved a French initiated resolution calling for a ceasefire in Gulf waters

European rocket for the Skyet launch in spite of UK participation in the Ariane programme.

Additionally, Matra, the French state-controlled defence and electronics group, is a key partner of British Aerospace, in the consortium building Skyet.

The dispute comes about at a time when France is already ill at ease over lack of British Government enthusiasm for the next generation of Airbus

## Commission rail finance plan wins support

By Paul Cheeswright in Brussels

EEC RAILWAY chiefs have given broad approval to the European Commission's attempt to define proposals for a radical financial restructuring of the Ten's railway networks. It would be part of a broader plan to create a transport policy balanced between road and rail.

The Commission's ideas, which first surfaced at the beginning of the year, include:

- state takeover of the infrastructure;
- reduction of accumulated debt;
- splitting the railway's social services from its commercial services, with the public authorities paying for the former;
- placing the system of state subsidies into the context of a broader plan aimed at restoring the railways' financial health.

Early political approval of these ideas is unlikely, given the British Government's longstanding lack of willingness to take on the charges of maintaining British Rail's track.

France and West Germany, however, have shown increasing interest in seeking EEC solutions to the financial problems of their networks.

## Missiles deployment reaffirmed by Nato high-level group

BY ALAN FRIEDMAN IN ROME

NATO's high-level Special Consultative Group yesterday reaffirmed that deployment of U.S. Pershing 2 and cruise missiles in Europe will begin on schedule. Mr Richard Burt, U.S. Under-Secretary of State for European Affairs, said here last night that missiles deployed in Europe "will be operational by the end of the year." He would not be drawn, however, on whether this included missiles deployed in Italy.

Mr Burt said the SCG had urged the Soviet Union to abandon its threats to leave the negotiating table in Geneva and to work with the U.S. to achieve an agreement.

The ideas presented by President Yuri Andropov last month—which included a proposal to freeze Soviet missiles in the Far East—contained "some interesting elements which need to be examined in Geneva," said Mr Burt. He added, however, that they still fall far short of meeting the "legitimate security concerns of the alliance."

Yesterday's meeting which could well be the last top level Nato consultation before deployment of cruise missiles, is believed to have discussed the possibility of a new U.S.

proposal at the Geneva talks. There were reports last week that Mr Paul Nitze, the U.S. negotiator, wants to make as precise a proposal as possible as a gesture of goodwill.

Mr Burt, however, refused to discuss any new proposal and said only that, on the basis of yesterday's consultations, "the Secretary of State will give his views to the President."

The SCG noted that deployment of cruise missiles could be stopped or reversed as soon as an agreement is reached that warrants such action. But Mr Burt said there continued to be "a relentless momentum in the Soviet military modernisation programme." He ruled out the idea, which has been mooted in Washington, of a "reluctant" moment in the Soviet nuclear weapons and the Geneva negotiations.

Commenting on the health of Mr Andropov, Mr Burt said this had cast a shadow of uncertainty over the German negotiations.

In reference to the mass protests against the deployment of cruise missiles which have been sweeping European capitals in recent weeks, he acknowledged that "peace movements are something which we take into account."

## Space rocket dispute with Britain simmers

BY DAVID MARSH IN PARIS

A FRANCO-BRITISH diplomatic dispute is simmering over the likelihood that the UK Defence Ministry will choose the U.S. space shuttle rather than the European rocket Ariane to launch a sophisticated military communications satellite in three years time.

France is placing pressure on Britain to choose Ariane for the launch of the Skyet IV satellite in order to cement European

collaboration in the effort to catch up the U.S. lead in the space race.

The Ministry of Defence in London says Britain has not made a firm decision. But the shuttle does seem likely to be selected. Britain is believed to have made some advance payments to Nasa to prepare for the launch, which will probably be in 1986.

The issue was raised last

month in talks between M Charles Hernu, the French Defence Minister, and Mr Michael Heseltine, his British counterpart.

The British and French industry ministries have had several contacts on the matter, and Mme Edith Cresson, the French Trade Minister, also intends to push the French case.

The French are concerned that Britain seems to be turning its back on using the

European rocket for the Skyet launch in spite of UK participation in the Ariane programme.

Additionally, Matra, the French state-controlled defence and electronics group, is a key partner of British Aerospace, in the consortium building Skyet.

The dispute comes about at a time when France is already ill at ease over lack of British Government enthusiasm for the next generation of Airbus

## Hungary's output on target

By Leslie Colitt in Berlin

HUNGARY'S industrial production rose by 1.2 per cent in the first nine months of the year compared with the same period of 1982, thus fulfilling this year's target of between 1 per cent and 2 per cent growth, according to statistics released in Budapest.

Food production rose by 3.2 per cent and mechanical engineering 2.3 per cent, while coal mining fell 2.9 per cent.

Exports improved by 17.7 per cent, while imports were up 13.4 per cent. Retail prices in September were 8.3 per cent higher than at the end of last year.

Mr Ferenc Havasi, the Politburo member responsible for the economy, had said earlier that this year's poor harvest, with a shortfall of more than 2m tonnes of grain and maize, would lead to a drop in exports of between \$250m and \$300m from the export target of \$800m.

He added that some 200 collective and state farms might end the year with losses.

## Why Britain is at odds with EEC

BY JOHN WYLES IN ATHENS

THE COMMISSION is taking away the football, replacing it with a baseball and expecting everyone to continue playing the same game" — Sir Geoffrey Howe — the British Foreign Secretary.

"The British solution could never command a majority in the parliament of our ten countries" — M Gaston Thorn, President of the European Commission.

These rhetorical exchanges in Athens yesterday sum up the apparently irreconcilable approaches to finding a solution to the budget problem which has plagued the UK's relations with its EEC partners for the last four and a half years.

On Monday, the Commission adopted a proposal, only parts of which have been declared unworkable by Sir Geoffrey Howe and Mrs Thatcher, which attempts three things:

- To build on the Commission's initial ideas for a solution which would have cut Britain's payments to the EEC by 500m European Currency Units (\$423m) specifically by relieving it of some of the costs of financing the Common Agricultural Policy.

- To redefine the nature of the British budget problem by claiming for accounting purposes that Britain's receipts from agriculture, are a round Ecu 400m more than they actually were in 1982.

These total receipts are then expressed in terms of head of British population and measured against the per capita spending from the EEC budget in the whole community.

Unofficial figures point to a gap of Ecu 15 between the Ecu 49 per head of population received by the UK and the Ecu 64 average for the community as a whole.

The Commission says that this points to an expenditure gap in the UK worth just over Ecu 800m which should be closed by negotiation, adding in the Ecu 500m from the initial proposal. It offers the UK a total possible reduction in its payments of Ecu 1.34bn.

- Finally, the Commission sought to amalgamate elements of alternative proposals tabled by West Germany and Denmark. These sought to express the British budget problem in terms of its share of payments for the EEC budget and its

share of Community gross domestic product.

The common element in all three approaches is that they seek to solve the problem in terms of aligning Britain's receipts from the Community with some kind of average, based either on wealth or total receipts from the budget.

They are all numerically and philosophically distant from the British approach. The German plan could offer relief worth just over Ecu 1bn, while the Danish might yield Ecu 600m.

Britain, however, says the gap should continue to be measured in the same way that it has been for the last five years, and which provided the basis for ad hoc rebates on the UK's payments between 1980 and 1982.

In other words, the difference between what is paid to Brussels in customs duties, agricultural levies and transferred VAT payments and what is received by Community spending in the UK. On this basis, the UK paid Ecu 2.036bn more than it received in 1982.

The British go on to argue that their net contributions should be limited by a safety net expressed as

a proportion of the UK gross domestic product — the solution which M Thorn believes unacceptable to many member states.

It is obviously in the financial interests of other members states to define the British problem in the lowest possible terms. They also have reasons for defining the problem in terms of what Britain is receiving from Brussels and what it might be fair for it to receive.

They say that by joining the EEC the UK signed away its right to consider its payments to the Community as its own money — they are, after all known as EEC "own resources." Moreover, the customs duties and levies — about 45 per cent of the Ecu 4.57bn the UK sent to Brussels in 1982 — are fixed by Community law and no conceivable burden on the UK Exchequer. Nor are they necessarily "lost" revenue, since if it was outside the Community the UK would be unlikely to be levying imports on agricultural products.

But there is an inconsistency in the approach favoured by all other member states and the Commission. They refuse to accept that the gap should be measured as a "net balance" as favoured by the UK.

## Output rises in W. German electronics

By John Davies in Frankfurt

West Germany's electronics and electrical engineering industry expects production to pick up strongly next year, provided wages do not rise excessively.

It sees output rising about 1 per cent in value this year, and believes business could gather pace in 1984 with a 3 per cent rise in output and more workers employed.

Export orders recovered in the third quarter of this year for the first time since mid-1982. Foreign orders were up 5.7 per cent on a year ago; domestic orders were 4 per cent ahead.

The industry sees the biggest threat to its continued recovery in the growing demands of unions, spearheaded by IG Metall, for a cut in the working week from 40 to 35 hours.

The demand was described as unrealistic by Prof. Rudolf Schott, director of the Electrical Engineering Association.

## Confindustria climbs down over pay index


By James Sutton in Rome

CONFINDUSTRIA, the Italian private-sector employers' association, yesterday climbed down over the contentious issue of paying wage increases under the scala mobile (sliding scale)-indexation system.

But it did so only with a view to obtaining concessions when the whole wage indexation issue is reviewed with the Government and unions next month.

The organisation's council invited its members to pay wage rises this month in line with all three points registered by the scale for the next quarter, though they may use their "discretion" as to whether to or not.

Confindustria reiterated it is not obliged to pay a wage increase for use of the indexation system, because it consists of accumulated fractions of previous points which should have been cancelled, according to the employers' interpretation of the January agreement on the Scala Mobile.



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## EUROPEAN NEWS

Although Italy designs some of the weapons it produces, such as the Agusta anti-tank helicopter (right), most are made under licence. This allows U.S. and West German manufacturers to reach markets otherwise not open to them. The country's defence industry, now probably equal with Britain as the fourth largest in the world, explains a lot about modern Italy. James Buxton reports from Rome.



## In defence of a laissez-faire policy

WHICH COUNTRY follows the U.S. the Soviet Union and France as the world's fourth largest arms exporter? The answer, according to some authorities, is not Britain but Italy.

Exact placings in the league table are less important than the fact that Britain and Italy are close together, a long way below France. Whereas people expect Britain, with its big armed forces, to have a large defence industry, they do not expect it of a notably unwarlike country like Italy.

Italian arms exports grew faster than those of any other industrial category between 1976 and 1980, and the number of people working in the defence industry doubled in the 1970 to at least 80,000. Industry sales in 1980 amounted to about Lire 4,000bn (about \$4bn at the then exchange rate) of which more than half were exported. Defence equipment accounted for about 2.5 per cent of all manufacturing.

The sudden rise of the defence industry explains a great deal about modern Italy. It happened without an official plan, even though about half the main companies involved are state-owned. The industry is highly export-oriented, as Italy is one of the lowest spenders on defence per head of population in Nato, and the Ministry of Defence spends very little on research and development. While the defence industry has grown, a replacement programme for the Italian armed forces has slipped back.

The story is a classic example of Italian industry responding to a growing overseas market and flourishing because of rather than in spite of a lack

of Government direction. It relies on a network of company managers, officials and a few well-placed politicians to get things done. A non-too-restrictive Government policy on arms exports, and the skill and flexibility of Italian arms salesmen have also helped.

The fact that the Italian armed forces cannot afford to spend much on new equipment

U.S. cruise missile components and related equipment will begin arriving in Italy before the end of this month. Sig. Giovanni Spadolini, the Italian Defence Minister, told parliament yesterday, writes Alan Friedman in Rome. He stressed, however, that the missiles would not become fully operational until next March.

The minister confirmed the missile parts would arrive at the Sigonella U.S. navy air base in Sicily, about 100 km from the permanent cruise site at Comiso. At least 16 cruise missiles are expected to be installed initially at Comiso; 112 are scheduled for deployment during the next three years.

may even be an advantage. Whereas the British defence industry is obliged to meet the needs of the British forces for sophisticated, often tailor-made weapons which may be too complicated or secret to sell outside Nato, the Italian industry can largely make what the market, especially Third World countries, actually wants.

The Italian military buys some of the equipment—virtually essential if the weapons are to carry conviction elsewhere—but its requirements are not paramount; it is expected to serve the interests of the industry, rather than the other way round.

When Italy's defence industry was rebuilt after the second world war, it was heavily dependent on manufacturing under licences conceded mainly by the U.S. Fiat, for example, built the F86 Super Sabre fighter. To this day, only Japan among industrialised countries makes more defence products under licence.

Agusta, the successful State-controlled helicopter maker, depends on licences from Bell, Sikorsky and Boeing of the U.S., while Oto-Melara produces its own version of the German Leopard tank, the Fiat-engined Lion, which it has sold to Libya and Abu Dhabi.

Manufacturing under licence helps make up for the smallness of the Ministry of Defence allocation for research and development, and manufacturing in Italy enables countries like the U.S. and West Germany to reach markets they may not

wish to be seen to be dealing with, such as Iraq and Libya.

Italy, which is a partner in the Tornado aircraft project with Britain and West Germany, is now making more and more domestically designed equipment, however. Aeromach is building the AMX light attack battlefield support aircraft, a successor to the line of light fighters which Italy has been making largely on its own since the late 1950s. These include the Aeromach MB 339, one of which is supposed to have sunk a British frigate in the Falklands war last year.

Agusta recently presented its own designed Mangusta anti-tank helicopter. The Lupo and Messierie frigates, built by Cantieri Navali Riuniti, continue the long tradition of warship building and also provide platforms for the products of the defence electronics sector, headed by Selenia. Electronics is the second most important sector after aerospace in the Italian defence industry, and one of the few heavy research spenders.

Although Italy sells some arms to other Nato members, it is reckoned that developing countries take about three-quarters of defence exports—especially Libya, Egypt, Peru, Argentina, Brazil, Malaysia and South Africa (which has bought aircraft, among other things, despite being officially embargoed).

Italy may currently be Italy's biggest market—in 1981 it placed the biggest export order Italy has ever received—for four frigates, six corvettes, a tanker, and a floating dock, valued at \$1.8bn. Because of Iraq's financial difficulties Italy is believed to have taken some of the payment for the ships in crude oil.

The Iran-Iraq war, now in its fourth year, has been a god-send for the Italian defence industry, offsetting the downturn in sales to other parts of the Third World and the slowdown in defence purchases by the Nato countries. As well as equipment sales to Iraq, the really spectacular growth has been in the sale of shells, rockets, ammunition, mines and detonators and spare parts. The private sector company BPD, which makes explosives and rocket fuel, expects its sales to rise from L153bn in 1981 to L340bn this year, thanks in large part to Iraq. Though less is said about it, Italian companies also sell much ordnance to Iran.

Part of Italy's success in defence sales is due to the skill of its salesmen. "They know exactly who to pay the commissions to, and how much to give them, and they cover everyone," said one businessman in the defence sales business.

Although Italy has a reputation for having lax controls on arms exports—a fact exploited

by arms manufacturers in other countries who sometimes physically export through Italy—the export approval procedures are complicated and subject to bureaucratic delay, which is sometimes damaging.

Yet there are insistent reports that the procedures are speeded up or shortened when necessary, and the very wide range of countries to which Italy sells arms, some of them in dispute with each other, does not suggest rigid controls.

Perhaps because of this, the Government is extremely reluctant to give much information on the defence industry and its sales—a fact which infuriates the industry's critics. They argue that the industry is a good deal less impressive than it looks, being heavily dependent on foreign licences and on imported key components—such as engines for ships and aircraft.

But the most serious criticism, according to Sig. Falcone, until recently a Socialist MP and a former naval officer, is that "there is a nexus of corruption running through the whole business." He alleges that the commissions which supposedly go to foreign buyers are in fact largely distributed among helpful officers, bureaucrats, middlemen and political parties in Italy. But though this is a widely held view, hard evidence is scarce and a draft Bill he put to Parliament to regulate the arms industry got nowhere.

OVERSEAS NEWS  
As the U.S. changes its Mideast tactics, Jordan considers its future  
Arab moderate pushed to brink

BY RAMI G. KHOURI IN AMMAN

Jordan, long touted as a key moderate Arab state crucial to the West's desire to bring about a negotiated Arab-Israeli peace and to minimise Soviet influence in the area, is beginning to question the real benefits of its political approach. Several recent developments have focused the debate, including:

● Attacks against Jordanian diplomats during the last two weeks in which one official in Athens was killed and several others injured in New Delhi and Rome.

● Two small bombings against police and army in Amman and Zarka.

● The recent U.S. Congressional rejection of a White House request for \$220m to set up a Jordanian-American strike force to come to the aid of any beleaguered Arab state in the Gulf.

● The reinvigorated pace of U.S.-Israeli discussions on strategic co-operation following the visit to Israel of Under-Secretary of State Lawrence Eagleburger.

● The redefinition by President Ronald Reagan of the role of the Marines in Lebanon as being to counter Soviet-Syrian influence in the region.

Jordanians are now living with an uncomfortable feeling of being hemmed in by more powerful and menacing ideological and military forces: the Syrians to the north, the Israelis to the west and the Iranians to the east.

The Syrians, with the Palestinian groups which have opted to fall in with them, have made it clear that they are working to thwart what they perceive to be a readiness by King Hussein of Jordan to seek a Middle East peace accord based on the general outlines of the Reagan plan of September 1982.

The Iranians are working with the Syrians to reduce the regional power of Iraq, Jordan's important eastern neighbour,

ally and erstwhile financial backer.

The right-wing Israeli coalition in power remains favourably inclined to try to resolve the Palestinian issue by removing the Hashemite Jordanian leadership of King Hussein, and allowing the Palestinians to set up their state in Jordan east of the Jordan River.

Jordanian disillusionment with

nature and value of American-Jordanian ties, in view of the obvious U.S. policy of favouring Israel over the Arab countries.

Jordanian moderation is both a reflection of the character of the leadership of King Hussein, and of powerful material imperatives that dictate a balanced policy based on friendly ties with the stronger Arab economies all around it.

grants.

With its diplomats and internal security forces under threat, its economy squeezed and its regional political role dwarfed by the more activist, aggressive policies of Syria and Israel, Jordan is on the verge of making a series of domestic and international adjustments reflecting the more inward-looking, non-aligned policy which is favoured by the vast majority of the population.

Such a slow, perhaps even subtle shift away from its traditional heavy reliance on U.S. arms purchases (in favour of European and perhaps Far Eastern suppliers) should soon be coupled with moves to reinstate political participation inside the country, keyed around any elected national parliament which was suspended in 1974.

Many observers in Amman fear that the signals emerging from the disappointed heartland of Arab moderation will mean the breakdown of the traditional Arab resort to consensus politics, a focussing on internal affairs, and the institution of more democratic political systems that will allow the Arab people to express their feelings more honestly and openly. Such expression will inevitably have an overtly anti-American ring to it which the present leadership will seek to pre-empt by redefining Arab moderation as Arab non-alignment.

If the Americans are going to deal more closely with the Israelis and challenge the Soviet Union in the Middle East, they should not be surprised if Arab moderates who do not want to get caught in a struggle of superpower surrogates go their own way and look after their own interests.

This is the message today from Jordan—where Arab moderation has always found its most coherent expression, but where it is now threatened by a combination of bullets, bombs and regional bullies.



U.S. policies in the region has been frequently expressed in recent years by all sectors of Jordanian society, from King Hussein down. In the past decade, a lack of movement on the political front was largely camouflaged in the eyes and pockets of ordinary Jordanians and other Arabs by the rush of money and economic development that was sparked by the 1973-74 increase in international oil prices.

Today, however, the pan-Arab oil bonanza has slowed down considerably and Jordan is feeling it in the form of a \$500m shortfall in Arab grant aid for both this year and next.

The key issue that emerges in every discussion now is the

The redefinition of U.S. policy directing it at reducing Soviet influence and countering Syria's growing role has only aggravated Jordanian doubts about the compatibility of Washington's three desires to remain the bulwark of Israel, to thwart Soviet influence and to strengthen ties with the moderate Arabs.

As perhaps the most moderate and consistent Arab state for the past 30 years, Jordan is feeling more and more empty-handed, a feeling exacerbated by the news that Mr Eagleburger's trip to Israel included discussions about improving the terms of U.S. aid to Israel by switching more of the \$2.5bn given annually from loans to

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## OVERSEAS NEWS

## Nigeria's Shagari names new Cabinet

By Michael Holman in Lusaka

PRESIDENT Shehu Shagari of Nigeria yesterday allocated portfolios to 29 of the ministers in his new administration at a swearing-in ceremony here.

The new Minister of Finance is Mallam Adamu Ciroma, Governor of the Central Bank in the mid-1970s and Minister of Agriculture in the former administration.

The post of Foreign Affairs Minister is left open but, it is widely expected in Lagos, that it will go to Mr Emeka Anyanwu, the former assistant Commonwealth Secretary.

General, who failed to obtain Senate confirmation. President Shagari, it is thought, will resubmit his name.

Unita says it downed Angola airliner

By Diana Smith in Lisbon

THE Angolan guerrilla movement Unita has claimed responsibility in a communiqué released in Lisbon for Tuesday's crash of an Angolan airliner.

Some 126 people were killed in the crash.

Unita claims that the aircraft was carrying military recruits for the FAPLA the Angolan armed forces.

## Geneva talks tackle Lebanon armed forces

BY ANTHONY McDERMOTT IN GENEVA

THE LEBANESE Commission set up here to discuss reforms of the future political and constitutional structure of the country yesterday grappled with the sensitive subject of the armed forces.

This came after an announcement late Wednesday evening that substantial progress had been made during the commission's six meetings in three days which followed the five-day conference on national reconciliation, chaired by President Amin Gemayel.

The commission, which represents the eight political and religious factions in Lebanon and has no set chairman "they meet as gentlemen," was one comment, re-inforced the view accepted at the main conference that the National Charter or constitution of 1943 should be reformed.

The Charter ensured the dominance of Christian Maronites over Muslims in individual senior political posts and on a 6-5 basis in Parliament.

Some of the decisions announced on Wednesday, notably the formation of a higher constitutional court and of a supreme

court, have been under intermittent discussion for years. But two new proposals emerged. First, the position of Vice President should be created and held by a Sunni Muslim to offset what would continue to be a Christian President.

Second, a Senate or upper House should be established.

But while these agreements reflect the serious and constructive attitudes which the main conference eventually adopted, there are many stages before implementation.

First, as a Lebanese source pointed out: "These gentlemen

(of the commission) do not make law, only proposals." The proposals will be submitted to the conference proper, which was originally due to reconvene here on November 14. It is now expected to re-open about November 21.

Second, whatever is then agreed will have to be submitted to the Lebanese Parliament.

Third is the issue of whether the proposals be enforced. That will depend on which areas of Lebanon are still occupied, and by whom.

## Australia sees boost in balance of payments

By Colin Chapman in Canberra

SUBSTANTIAL improvements in two important economic indicators yesterday helped confirm the Hawke Government's belief that a substantial upturn in Australia's fortunes is now well in train.

Another strong surge of overseas capital helped Australia last month to reach its highest monthly balance of payments surplus on record of A\$1.26bn, while unemployment followed inflation down into single figures.

The trade figures also confirmed the sharp recovery in rural exports following the end of the four-year drought. Rural exports in October rose by 39 per cent over the previous month, with an increase in grain exports of 90 per cent as the first shipments were made of the new season's wheat crop, which is expected to be a record 15m tonnes.

Exports overall rose by A\$232m, or 16 per cent. There was also a 6 per cent increase in imports, but the balance of trade was in the black by A\$37m.

Of the A\$1.755bn capital inflow, government borrowing accounted for A\$1.95bn.

## Japan-U.S. package aims to liberalise Tokyo money market

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN AND THE U.S. yesterday unveiled what each side claimed was a major programme of mutual action to ensure a more realistic exchange rate between the yen and the dollar.

The programme includes commitments by Japan to open up its capital and financial markets and a promise on the American side to introduce "additional measures" to reduce public spending. Undertakings made by both parties are to be reviewed by a special committee consisting of representatives from the U.S. Treasury and the Japanese Finance Ministry whose first meeting will be held next February.

U.S. officials accompanying President Reagan told journalists this evening that the joint programme represented a major achievement and that Japan's contribution to it was unusual in that specific steps had been set for some of the measures the Ministry of Finance has undertaken to introduce.

A majority of the Japanese "commitments" were, however, announced in the package of economic measures presented by the Government on October 21.

The most important of the Japanese measures are:

● The abolition of limitations on the Tokyo foreign exchange market which prevents forward dealing except on actual trade contracts;

● the introduction of a Bill to allow the issuing of Government bonds denominated in foreign currencies—the so-called Nakasone bonds;

● the study of a scheme to introduce a yen-denominated bankers' acceptance market; the introduction of a Bill to liberalise the restrictions on foreign investment in companies on the Finance Ministry's special list.

Proposals to liberalise forward dealings on the foreign exchange market have been under discussion for some time between the Bank of Japan, the Ministry of Finance and the

Ministry of Trade and Industry. What each side now apparently is to implement are more far-reaching than was previously thought.

The purpose of this liberalisation is to remove an obstacle to hedging against currency fluctuations by bona fide importers. However, the move could also have the effect of making the Tokyo foreign exchange market more open to speculative dealing than in the past.

The introduction of a bankers' acceptance market in Tokyo is one of a number of measures that have been advocated for some time by the Ministry of International Trade and Industry to encourage the use of the yen (in place of the dollar) for Japanese import contracts as yen-denominated imports would be cheaper.

The Bank of Japan, which opposes a proliferation of money markets in Tokyo, has up to now stood against this proposal.

Apart from measures directly designed to encourage imports or to bolster the exchange rate of the yen, Japan has committed itself to a further liberalisation of the certificates of deposit (CD) system by which Japanese and foreign banks raise yen funds in the domestic market.

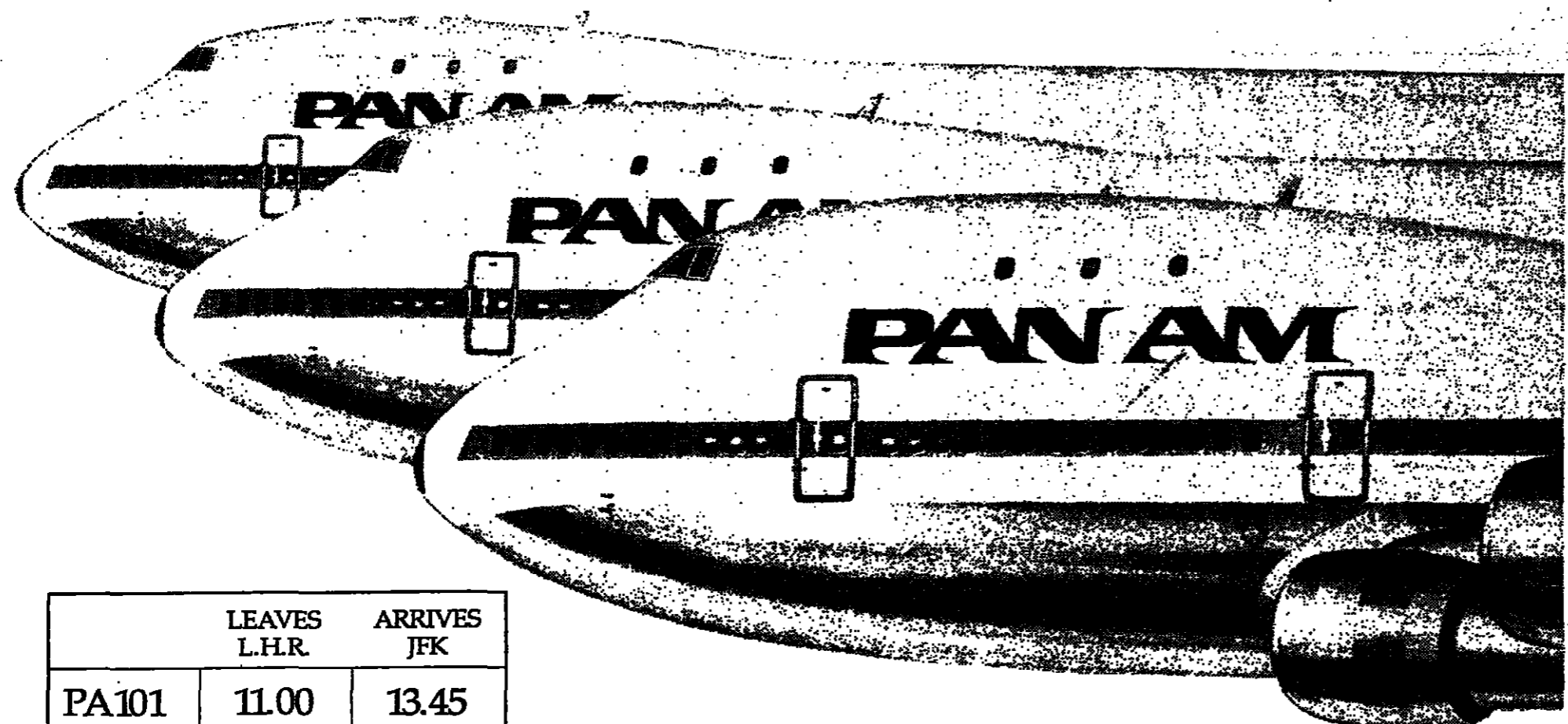
Steps have also been taken to allow Japanese and resident borrowers to float Euro-yen bonds—something which the Finance Ministry has opposed.

A review of the withholding taxes on interest earnings on Euro-yen bonds could also make such issues easier.

Initial reaction in Tokyo to the U.S.-Japan agreements on capital flows and on measures to boost the yen was that they constituted a package put together to give an appearance of success to the summit meeting. The agreement could nevertheless provide a further impetus to the efforts of both countries to solve the problem of a chronically overvalued yen.

Trade friction, Page 6

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## Marcos says businessmen to blame for crisis

BY EMILIA TAGAZA IN MANILA

PHILIPPINE President Ferdinand Marcos, blamed businessmen for continuing anti-government demonstrations, in Manila's business districts, yesterday hit back at the businessmen, blaming them for the current economic crisis.

After a series of friendly discussions with top business leaders on how to help abate present economic difficulties, Mr Marcos has now accused private businessmen of unscrupulous practices that siphon off Government revenues.

Speaking before hundreds of local and foreign businessmen at Malacanang, the presidential palace, Mr Marcos said that businessmen leaders blame his leadership for the crisis, "but our problem is financial, and monetary in nature."

At the same time he said this, two influential business leaders told foreign reporters: "Our problem is political."

They said that unless the political uncertainty is resolved soon, particularly the issue of succession to the presidency, the economy will have a "show-down" by the first quarter of 1984.

Since last September, weekly demonstrations have been staged by businessmen, office executives and employees in business districts, particularly

at Ayala Avenue, Manila's Wall Street.

The demonstrators have called for the resignation of Mr Marcos, whose administration is accused of complicity with the August 21 assassination of the popular opposition leader, Benigno Aquino. Businessmen's rallies have caused tension among bankers and investors who have since then frozen the flow of new loans and investments in the Philippines.

The virtual halt in the flow of fresh foreign funds has triggered the current crisis, necessitating the moratorium on some foreign debts and the rescheduling of others.

Many foreign banks have also stopped opening letters of credits for the Philippines, hitting foreign trade transactions, including the import of basic commodities such as oil.

Mr Marcos told the businessmen that many of those who join anti-government rallies are themselves deceitful, resorting to double book-keeping, transfer pricing, over-pricing, smuggling and dollar selling.

He pointed specifically to tax-evasion firms that cost the Government at least pesos 50n (\$357m) a year. "I wonder how many of the businessmen who are attacking the Government pay their taxes religiously," Mr Marcos said.

## ADB approves India's application for credits

BY K. K. SHARMA IN NEW DELHI

THE ASIAN Development Bank's (ADB) agreement to provide credits for Indian development projects was conveyed yesterday by its president, Mr Masao Fujioaka, to India's Finance Minister, Mr Pravin Mulherjee, when the two met for talks in New Delhi.

Although India's controversial application for a \$2bn loan over five years has thus been approved in principle, Mr Fujioaka made it clear that that amount was far too large for the regional financial institution to cope with and said that the beginnings would be "modest."

The application has been vigorously opposed by the U.S., the second largest contributor to

the ADB, on the grounds that India's needs were too large and any loan from it would harm the interests of the institution's traditional borrowers, which are the smaller, low capital countries such as Bangladesh.

U.S. objections have now been overcome and the ADB board had agreed that India is entitled to borrow from the ADB, which recently increased its ordinary capital resources by 105 per cent.

India has so far avoided borrowing from the ADB but made its first application last year on the ground that the international economic climate made its hard currency position difficult and that it had not given up its right to borrow from the ADB.

## Pakistan loans agreed

BY MOHAMED AFTAB IN ISLAMABAD

PAKISTAN will receive \$126m in project aid and commodity assistance, during the current financial year 1983-84 which ends June 30 next.

The amount includes \$91m for a key thermal power station at Jamshoro and is meant to help to overcome the severe energy shortage in the growing industrial cities of the southern Sind province. The project loan is for 30 years, with a ten-year

grace period, and carries a 3.25 per cent interest.

The commodity loan will be for \$35m, and is repayable in 25 years, including a seven-year grace period. It also bears a 3.25 per cent interest. The loan will be used to import industrial raw materials and other essential commodities from OECD and less developed countries. The notes payable for the two loans were exchanged here yesterday.



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## AMERICAN NEWS

## Caymans ask UK to help settle bank row

By Margaret Hughes in Georgetown, Cayman Islands

THE British Government has been asked to intervene in a dispute between its crown colony the Cayman Islands and the U.S. Administration.

The dispute centres on the Cayman Islands' banking secrecy laws under which it is an offence even to request information on bank accounts.

The U.S. has been putting pressure on the Cayman administration to disclose information of the bank accounts of individuals under investigation for criminal activities and in particular the alleged laundering of drug money through the Cayman Islands.

This pressure has been stepped up in the past few months following a major drug smuggling case, known here as the Latin Connection, involving the smuggling of cocaine from Colombia to the U.S. via the Caymans.

The U.S. has served notice on a number of banks based in the Caymans to provide information on their clients' accounts.

A number of bankers and lawyers based in the Caymans have been subpoenaed by U.S. authorities on arrival in Miami; including one Barclays Bank executive who was held in custody for several days.

Travellers to and from the Caymans, including Cabinet members, have been harassed by Customs officials at Miami Airport.

Representations have been made to the U.S. Administration by the British Government which has already taken issue over another instance of U.S. extrajudicial interference — unitary taxation.

However, the timing of the Cayman Islands' request comes Mrs Margaret Thatcher's..... at an embarrassing time for Mrs Thatcher's Government given that it is itself preparing new legislation to curb tax evasion through such off-shore financial centres as the Caymans.

The dispute came to a head a few weeks ago when the Federal court in Florida found the Bank of Nova Scotia, one of the biggest in the Cayman Islands, guilty of contempt of court for refusing to disclose information on a particular client's account. It was fined \$25,000 (\$16,700) a day as a result.

The bank has appealed but if it fails to win the appeal the fine will be increased to \$100,000 a day if it continues to refuse to disclose the requested information.

The Cayman administration considers such action to be undermining its constitution. It is all the more annoyed because as part of its attempts to improve its image it has been making determined efforts to co-operate with the U.S. authorities in fraud cases.

Unless the dispute is resolved it could have dire consequences for the Caymans' future as a tax haven.

Its 30-odd banks are the cornerstone of the islands' economy. They are the biggest employers and contribute some \$45.7m to the economy.

The Governor of the Caymans, Mr Peter Lloyd, said: "We would like to reach some sort of understanding with the U.S. Government which does not undermine our existing agreement."

Stewart Fleming in Washington watches the budget deficit argument degenerate into music hall farce  
\$200bn deficit spectre paralyses U.S. policy makers

"We ARE running one great economic experiment after another in the United States," is how one Democrat on Capitol Hill put it. "First we tested monetarism, then it was supply side economics and now we are about to put to the test the question of whether giant budget deficits matter."

His statement assumes that in spite of all the rhetoric when it comes down to it neither Congress nor the President will be prepared to risk the sort of painful political decisions that are needed to transform the federal budget deficit. Many economists, including Mr Martin Feldstein, chairman of the President's Council of Economic Advisers see \$200bn deficits stretching indefinitely into the future if no action is taken.

Today, Congress is almost down to the bottom line. In theory it is due to go into recess on November 18, although in practice the date will probably slip back to early December. But the chances of major legislative initiatives designed to transform the budget picture have been taking a beating.

The House of Representatives has completed work on a face-saving \$10bn package of spending cuts spread over three years. The figure underlines the political paralysis in Washington when it is contrasted with the \$85bn of budget savings which in a particular client's account. It was fined \$25,000 (\$16,700) a day as a result.

It is not prepared to accept tax increases before the election, the deadlock which has ruled on the budget for over a year is looking even more unbreakable.

Feeling has been running high on the deficit issue, underlined by symbolic protests in both houses. This week the House failed to pass a continuing resolution which would allow the Government to carry on paying its bills—the legislation is however expected to go through before government really does grind to a halt. Last week the Senate voted not to increase the Government's borrowing capacity, the debt limit. That vote has probably cost the Treasury several hundred million dollars in extra borrowing costs since it has forced up interest rates on Treasury issues.

Senator Howard Baker, Republican leader in the Senate, is quietly bawling away trying to round up a majority to pass a debt limit increase. But since the Treasury has adequate cash resources to see

In the Senate, an elaborate pas de deux between the chairman of the Senate Finance Committee, the powerful Mr Robert Dole, and the Reagan Administration has been threatening to degenerate into music hall farce. Two weeks ago Mr Dole launched the idea of a bold package of spending cuts and tax increases totalling \$150bn over three years. He floated his trial balloon temptingly down Pennsylvania Avenue in the direction of the White House, and last Thursday, when it came into range, the President personally shot it down.

In remarks to a reunion of his 1980 election campaign workers, Mr Reagan threatened to veto the Dole package because of the tax increases tied to it. The Administration wants to see current spending cuts, not tax increases to solve the budget problems.

Its own deficit reduction strategy has envisaged a stand-by tax increase only if by 1985 the budget deficit has not shrunk to less than 24 per cent of Gross National Product. The 1983 deficit was some 6 per cent of GNP. But there are early signs that the Administration may be thinking about more radical tax reforms in the event that Mr Reagan runs for President again and is re-elected.

Since the Democrats are not prepared to countenance further cuts in welfare programmes and the Administration

COMPONENTS OF EXPECTED BUDGET DEFICITS			
Financial year	Cyclical deficit \$	Structural deficit \$	Total deficit \$
1983	95bn	100bn	195bn
1984	78bn	122bn	200bn
1985	57bn	149bn	206bn
1986	47bn	178bn	225bn
1987	22bn	246bn	268bn
1988	-4bn	214bn	210bn

Source: Mid-session budget review testimony

it through for a week or so immediate action is not on the horizon. On Wall Street it is suggested that the true deadline for the debt Bill could be the beginning of December, when Senators (the House has already passed the legislation) will have to decide whether or not to take responsibility for the fact that the Treasury will not be able to send social security cheques to millions of voters.

The Federal debt, at least the cost of servicing it, is one of the factors which is leading economists to predict that unless action is taken to cut the budget deficit, it will now reach the \$200bn range in the foreseeable future.

In Congressional testimony this week, Mr Martin Feldstein, chairman of the President's Council of Economic Advisers, reiterated his warnings that unless there is legislative action, the budget deficit is likely to remain around the \$200bn level until 1988. He pointed out that one of the side effects of this development

would be to add \$1,000 to the privately held national debt over the next five or six years, which would add \$60bn of permanent debt service costs to the budget.

This additional debt service burden is one of the major reasons why, even assuming steady economic growth of 4 per cent in real terms over this period, and average Treasury bill interest rates of 6.1 per cent, the budget deficit becomes entirely a structural deficit which would not automatically be eliminated by an economic upswing and the added tax revenues and lower social security payments which accompany it.

Change some of these (very favourable by recent experience) economic assumptions, cut the growth forecast a bit or assume higher interest rates, and the budget deficit gets worse, if there is no action in congress.

Conversely, Mr Donald Regan at the Treasury has been making it clear that he does not take such a gloomy view. He argues that the deficit could shrink dramatically to around \$125bn in 1988 on favourable economic assumptions plus the spending cuts the Administration wants.

Much of the debate hinges on timing. As the conviction has gathered that there will be no budget action until after next year's election, economists have been asking what this might

imply.

Mr Feldstein, in spite of a clear conflict with the Treasury, has been persistently arguing that the budget deficit has been an important factor driving up real interest rates and thus the value of the dollar on the foreign exchanges. The strength of the dollar, he says, is making U.S. exports less competitive and therefore adversely affecting export industries and their workers. Housing construction he says would be more buoyant if real interest rates were lower. He suggests that this "crowding out" caused by the deficit will spread to other sectors of the economy, including capital investment, "loping" economic recovery.

"It is clearly wrong," he says, "to suggest that next year's deficit will labour the recovery in 1984."

There are influential U.S. economists who question this gloomy prognosis, suggesting for example that the U.S. may experience a burst of growth in the next few years similar to the early 1960s, and that the deficit is not the threat it appears. On the basis of recent historical experience that is a long shot. The risk of basing policy on such assumptions is that if they are wrong, today's budget problems could pale into insignificance in comparison with the challenges fiscal policy will present in two to three years time.

## U.S. group defrauded Canada of C\$28m

By Nicholas Hirst in Toronto

AMWAY CANADA, and its parent company Amway Corporation, the second largest distributor of household products in the U.S., yesterday pleaded guilty to defrauding the Canadian Federal Government of C\$28m (£15.3m).

The indictment charged the company with avoiding customs duties during 1965 and 1980 by undervaluing shipments.

Company officials have also been charged with the offences but have refused to appear before Canadian courts, claiming that Press coverage of the charges had made a fair trial impossible. In past statements the officials have always protested their innocence.

The guilty plea on behalf of Amway Canada and its parent was entered in the Supreme Court of Ontario by Mr David Humphrey, a Toronto lawyer acting for the company. It is expected the court will defer sentencing.

Amway, short for "the American Way," based in Grand Rapids, Michigan, is second only to Avon in the U.S. in sales of household products. It has operations in 25 countries and in the 12 months to September 30 had revenues of \$1.2bn (\$800m).

## Wholesale prices rise 0.3% in U.S.

U.S. wholesale prices rose a seasonally adjusted 0.3 per cent in October, the U.S. Labour Department said yesterday. Reuter reports from Washington.

Last month's increase was slightly greater than in September when prices rose 0.2 per cent. Wholesale prices last month were 1.3 per cent higher than they were in October, 1982, the department added.

If October's rate of gain continued for 12 months, U.S. wholesale prices would be 3.8 per cent higher in October of next year, a department analyst said.

## Uruguay clashes

One person was killed, at least 60 were injured and 500 were arrested when police broke up a banned anti-government march, union and political officials said yesterday. Reuter reports from Montevideo.

Some 20,000 joined the march which had been called by unions at the end of Wednesday's day of protest against Uruguay's 10-year-old military government. The protest was called to press for higher wages and a quick return to democracy.

## Plea for small states

Mr Shridath Ramphal, Commonwealth Secretary General, said yesterday the Commonwealth should adopt a new role in "helping to make the world safe for small states" in the light of the recent crises in Grenada and the Falklands, writes Anthony Robinson.

## UN postpones vote on Falklands motion

BY JIMMY BURNS IN BUENOS AIRES

THE United Nations General Assembly vote on a motion calling on Britain and Argentina to resume negotiations on the future of the Falkland Islands — originally scheduled for Wednesday — was postponed again yesterday because of a long discussion on Central America.

Nevertheless, both Britain and Argentina have virtually accepted that by next Tuesday at the latest the assembly will have endorsed the motion.

The result of the vote — although unlikely to be substantially different to last year's when the assembly voted 90-12 in Argentina's favour — will be fully exploited by the incoming Radical Party Government of Sr Raul Alfonsín.

The Radicals have made the Falklands a priority of their foreign policy and are pressing for an early negotiated settlement of Argentina's dispute with Britain. They are hoping that growing international support along with British domestic reaction may eventually force Mrs Margaret Thatcher to the negotiating table.

Western diplomats said yesterday they believed a better climate for a reconciliation between the two sides had been created following Sr Alfonsín's electoral victory.

On the eve of the UN debate, the President-elect issued the most unequivocal statement of non-belligerence made by senior Argentine officials since the end of the Falklands war.

However, diplomatic officials say both sides still appear to be some distance apart. This will probably take several months to even begin to bridge.

The incoming Argentine

authorities have publicly stated that they would only consider declaring a *de jure* cessation of hostilities once Britain abides by the UN resolution. They will also insist on making sovereignty part of any future talks.

Britain has insisted that such a declaration is a fundamental condition for any change in its relations with Argentina, and has said that sovereignty is non-negotiable.

British officials have hinted privately, however, that their current diplomatic intransigence may be eased if the Radicals keep to their pledge and reach an early settlement with Chile on the Beagle Channel dispute.

Likewise the extent to which the incoming administration controls the armed forces and reduces defence expenditure could also have a bearing on attitudes in London.

Diplomatic officials said Britain had not ruled out sending a message of congratulation on the advent of democracy in Argentina on December 10 when Sr Alfonsín's government is sworn in.

Late yesterday, Argentine and British officials were engaged in intense behind-the-scenes lobbying of the U.S. and EEC member countries.

The U.S. last year voted in favour of renewed negotiations while the EEC, excluding Britain, abstained.

According to diplomatic sources in New York, the U.S. will almost certainly maintain its position although Argentina has apparently failed in its attempt to have Greece, Italy and France change their vote.

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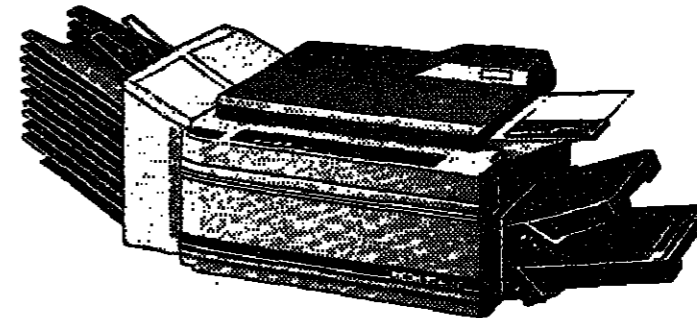
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## WORLD TRADE NEWS

A mission is coming to teach businessmen about selling to Japan

## Tokyo aims to 'educate' Europe

BY JUREK MARTIN IN TOKYO

A DELEGATION of Japanese officials, led by Mr Yohel Mimura, president of Mitsubishi, the giant trading company, will land in London on Monday on the first leg of a 19-day, five-country trip designed, according to Mr Mimura, to teach European businessmen some "tricks of the trade" about selling to Japan.

It sometimes seems that hardly a day passes without some Japanese manifestation of the Government's new-found import consciousness.

For example, the European Community ambassadors in Tokyo this week trooped into the office of Mr Sotoku Uno, the Minister for International Trade and Industry (MITI) for a heart-to-heart about the Japanese domestic market.

Unlike the last such session in October, the initiative for the meeting was Mr Uno's. It is MITI, in fact, which has organised the European trip.

Most of the three packages and innumerable separate initiatives in the year that Mr Yasuhiro Nakasone has been Prime Minister have been tailored to assuage the U.S., whose President, Mr Ronald Reagan, is in Tokyo this week and whose Congress has reacted strongly

to the \$20bn-plus bilateral Japanese surplus.

But Europe, bruised though it may have been by Japan Airline's preference for Boeing over the Airbus and by the omission from last month's package of any reduction in the duty on wine, not to mention chocolate biscuits, is not being entirely neglected, as recent exchanges have shown.

Japan sold \$13.6bn worth of goods to Europe in the first nine months of this year, 3.7 per cent up on the same period of 1982, imported only \$5.9bn, a meagre 0.4 per cent advance, and enjoyed a surplus of \$7.6bn, 5.4 per cent wider than the previous year.

The principal reasons for the burgeoning overall Japanese surplus, likely to exceed \$30bn this year, are well known — a \$5.5bn lower oil import bill and the loss of imports, all but 2-3 per cent of which are priced in dollars, because of the high value of the U.S. currency against the yen.

But what is less clear is the extent to which the underlying imbalances in trade reflect structural deficiencies in the internal Japanese market.

The litany of foreign complaints is long — the distribution system, an obfuscatory bureaucracy, rigid application of Japanese standards, and testing, agricultural and other pro-



Mr Yasuhiro Nakasone  
Innumerable initiatives

tection, Japanese consumer preferences, limited availability of yen finance and so on.

It is to try to answer them that the Government has decided to co-opt its national business community to try to educate its international counterparts in the real nature of the Japanese market.

While few interested foreigners in Tokyo dispute that Japan is trying hard to improve

the "climate" of trade relations, there is scepticism over whether big show-piece missions, like that headed by Mr Mimura, are the right way to go about it.

Because it is high powered, observers note, the mission could end up confining itself to formal receptions, in the Japanese manner, at which little real advice can be dispensed, or practical business conducted.

A second danger is that the members of the mission are themselves so senior that they will not have the details of the "nitty-gritty" of purchasing and investment which potentially interested foreign businessmen will want to know about.

It is also thought possible that the mission's efforts may lead to confusion as much as enlightenment. Individual mission members from, say, competing elements in the Japanese retail trade, may have different views on the best way to sell in Japan.

Perhaps the final danger is that the despatch of such delegations is the extent to which it raises expectations, both among the Japanese and foreigners alike. If its purpose can be seen for what it really is—public relations—then its impact will probably be neutral, but if either side holds out higher hopes, then disappointment may accrue.

## Italy to press Algeria on contracts

By James Buxton in Rome

ALGERIA'S slowness in awarding contracts to Italian companies following last year's agreement between the two countries on gas supplies is expected to be a major issue during the state visit to Rome by Benjedid Chadli, the Algerian President, which began yesterday.

Italy is dismayed that so far none of the L1,500bn (\$627m) which Algeria had indicated would go to Italian companies has yet been finalised.

In September last year, Italy agreed to pay well over the market price for gas supplies via the trans-Mediterranean pipeline, through which the first gas started to flow during the summer.

The signing of trade and construction contracts was not formally linked to the gas agreement, but was part of the overall understanding.

Companies of the ENI group, the state energy concern, whose gas subsidiary SNAI is buying the Algerian gas, expect to finalise two contracts in the near future. These are a \$500m contract for a gas collection plant at Bordj Bou Arridj, which should go on to Snamprogetti, and a pipeline-laying contract for Salsum worth about \$100m.

## China will need to offer nuclear power station debt guarantee

BY ROBERT COTTRELL IN HONG KONG

CHINA will be expected to extend a sovereign guarantee covering debts associated with the HK\$380m (£3.1bn) nuclear power station to be built in Guangdong Province, Hong Kong analysts believe.

The station will be owned and operated by a joint venture between Hong Kong and Chinese investors, with a financing structure of 10 per cent equity and 90 per cent debt.

China will hold 75 per cent of the equity, and the Hong Kong consortium — led by the local utility, China Light and Power — 25 per cent.

The last major preparatory step towards building the station was taken on Wednesday when the Hong Kong Government said it would allow local power companies to make a long-term commitment to buy some 70 per cent of the 1,800 MW station's electricity.

These purchases will provide the hard currency to repay the more than US\$4bn in project debt.

The station's two major contracts are likely to go to British and French concerns, with General Electric Company supplying turbines and generators, while France's Framatome supplies two 900 Mw pressurised water reactors.

Analysts expect the contracts to attract governmental export credit guarantees, backed by a

sovereign cross-guarantee from China. They say the project debt is likely to carry an interest rate of 10-10½ per cent.

If remaining detailed negotiations go smoothly, major contracts might be let around the middle of next year. China wants the station to be operating by the end of 1991.

A Chinese sovereign guarantee would obviate banks' worries about whether Hong Kong will continue to function as a long-term supplier of hard currency. Britain's lease over most of the territory expires in 1997, and China says it wants to regain control of Hong Kong in that year. A financing package for the station would be likely to stretch beyond 1997.

While China is committed to putting up some \$345m in equity for the project, it seems likely that it may pay for its stake by providing infrastructure and construction labour and materials, and not in cash.

The Hong Kong partners will provide some \$115m in cash, some of which may come from a Hong Kong Government loan. The main organisational

matter now outstanding relating to the power station is the formation of the Hong Kong consortium, which is to be called the Hong Kong Nuclear Investment Company (HKNIC).

While China Light and Power says it is ready to move on the project without delay, it is not yet known who its local partners will be.

The Hong Kong Government has indicated that it would welcome the participation of the colony's smaller power utility, Hong Kong Electric Holdings. But HK Electric says it has not yet been given sufficient information about the project to make a decision.

Some analysts believe that participation may be offered to local companies outside the utility sector, through equity or bond offerings in HKNIC. Bankers believe that, with guarantees in place, finding loans to finance the power station should not be too difficult. Some believe the state-owned bank of China would like a prominent role in bringing together the leading syndicate.

## U.S. set to propose freer trade in services to Gatt

BY NANCY DUNNE IN WASHINGTON

THE REAGAN Administration is preparing to deliver its proposal for liberalising trade in services to the General Agreement on Tariffs and Trade (Gatt) within the next two weeks, according to Mr Richard Selt, Deputy Assistant U.S. Trade Representative.

The report, now undergoing inter-agency review, will be the first submission by a Gatt member-nation under an agreement reached last year at the Gatt ministerial meeting.

Since that time, U.S. officials have been meeting other Gatt members, mostly from the countries belonging to the Organisation for Economic Co-operation and Development, in an attempt to build support for rules unique to service industries but applied under the umbrella of generally accepted trade practices.

With the U.S. taking the lead, about 10 other industrialised nations are now preparing their own reports for filing next year. Although the OECD will produce a study, the UK and Germany are expected to file separate reports. Japan announced last week the creation of a private sector commission to work out a consensus submission.

The U.S. will, it is believed, suggest a contractual document providing for uniform national treatment and non-discrimination for all signatory countries. It is said to provide a framework of relief, a basis for retaliation, and proposals for dealing with

the various levels of regulation in participating nations.

An appendix to the report lists over 900 restrictions in 102 countries covering 16 service sectors including: accounting, advertising, auto and truck rental and leasing, banking, building, contracting, and engineering, franchising, insurance, legal services, motion pictures, telecommunications, tourism and transportation.

An agreement for trade in services under Gatt has met strong resistance from the developing countries which complain that without protectionist barriers, they will never develop their own service sectors.

To secure the co-operation of the developing countries the U.S. may offer further reductions in industrial trade barriers at a new North-South round of negotiations. A parallel with talks establishing a code for trade in services after 1984, Mr Selt said.

"In our view, it will be impossible for any of the developing countries to obtain any further trade in our country, beyond what restrictions exist now, unless they're willing to provide certain commitments in the area of services," Mr Selt said.

The next step in the process of expanding Gatt to include services will be taken at the 1984 contracting parties meeting in November, when members must decide whether or not to continue to pursue an agreement.

## Saab-Fairchild wins U.S. order for eight airliners

BY DAVID BROWN IN STOCKHOLM

SAAB-FAIRCHILD has won an order to deliver eight SF-340 regional airliners to the Cincinnati-based carrier Comair for more than \$40m (£26.6m).

Comair has now ordered 12 of the twin-turboprop 34-seaters to supplement its existing fleet of 20.

Comair, which carried 234,000 passengers in its last fiscal year ending March 1983, up 69 per cent from the previous year. Deliveries are to begin next April, and will run through 1987.

The SF-340 is a joint venture

between Saab-Scania of Sweden and Fairchild Industries of the U.S. The group says it now has somewhere between 60 and 100 firm orders.

Shorts, the Belfast-based aerospace manufacturer, announced that Sunbelt Airlines, based in Camden, Arkansas, has ordered two Shorts 360 wide-bodied regional airliners and taken options on two more.

Delivery will be in 1983 and 1984. The value of the order including spares, is over \$17m. This order raises total orders and options for the airliner to 67.

## Renault leads Europe's major car producers

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

RENAULT'S SUCCESSFUL export drive into North America has boosted the company to a clear lead as Europe's major car producer.

Renault's dominance among the European producers has been achieved with a relatively small model range to give it extremely competitive unit costs.

"In point of fact, Renault has the potential to achieve economies of scale with the combined output of the R9/R11 that will better even the Japanese," the Automotive Industry Data newsletter says, in an analysis of European production trends.

Car output in Europe in the first eight months of this year totalled 6.8m (excluding studies from Volvo, Saab and part of the Spanish industry which are not yet available). This compared with 4.9m for North America and 4.7m for Japan.

The "big six" producers accounted for 82.6 per cent of total European car output with Renault at the top with 18.3 per cent even though it has lost European sales leadership to Ford.

Renault's lead springs from its export business. In the first eight months of this year, the French group exported 606,396 cars, excluding car kits, to give its output an export content of 48.6 per cent. Kit exports in the period were 95,994, all of which were

counted in Renault's production in Spain.

The state-owned French group's push into North America has been through the dealer network of American Motors, the fourth-largest U.S. producer, in which Renault has a 46 per cent shareholding and management control.

The newsletter points out that although the Peugeot group is second in the European production league with a 14.9 per cent share against Renault's 18.2 per cent, it does not have a model in the list of "top-10" best-selling cars.

According to the newsletter, the European top cars in terms of production in the first eight months were: 1 Renault R9/R11 (556,256); 2 Volkswagen Golf/Jetta (405,556); 3 Ford Escort/Orion (364,597); 4 Renault R5 (302,726); 5 Opel Kadett (282,565); 6 Ford Sierra (285,925); 7 Opel Ascona (242,563); 8 Fiat Uno (225,790); 9 Ford Fiesta (222,904); 10 Fiat Ritmo/Regala (208,201).

SHARE OF W. EUROPEAN CAR PRODUCTION (8 months)

Make	Output	%
Renault	1,272,000	18.3
Peugeot-Citroen-Talbot	1,147,000	14.9
Volkswagen/Audi	1,127,000	14.2
Ford	1,125,000	12.5
General Motors (Opel)	1,122,000	12.2
Fiat/Lancia	1,117,000	11.1

Source: National stats, and A.D.

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## BUSINESS LAW

## European court lays down rules in anti-dumping game

WHAT can companies threatened by imports of subsidised products do - only complain? Or can they take the EEC Commission to court if it fails to take anti-dumping measures? In a surprisingly reassuring judgment the European Court has now held that the companies have a right to expect protection, and can ask for a judicial review of the Commission's acts or inaction.

Ever since the Community took over from member-states the responsibility for anti-dumping measures in 1978, industry has been somewhat nervous fearing that Brussels might take into account many other considerations in addition to the harm caused by imports of subsidised products.

In fact, the Commission has proved too hasty in some instances, as for example, in the Soviet nickel case. There it imposed an anti-dumping duty, only to retreat completely when Razzolimport, the Soviet state export organisation, took it to the European Court and presented evidence that it was itself undercut by other cheap exporters to the Community.

Between 1980 and 1982, the number of investigations initiated by the Commission each year rose from 23 to 58. However, less than a fifth of investigations led to imposition of countervailing duties. Some investigations are stopped even before they reach the formal stage, and this was the fate of a complaint made by Fediol, the Federation of the EEC Vegetable Oil Industry.

Fediol complained to the Commission in the spring of 1980 that subsidies granted in Brazil for soybean oil exports to the Community caused harm to the EEC industry. It asked for the opening of anti-dumping proceedings under Regulation 3017/79, and for a provisional countervailing duty.

The Commission started informal investigations and obtained some concessions from the Brazilian Government, but not enough to satisfy Fediol, which approached the Commission again in September 1981 urging an immediate opening of formal anti-dumping proceedings. Fediol warned the Commission that it might claim damages for the Community's failure to impose a countervailing duty.

About two months later the Commission teleaxed that it did not intend, for the time being, to open anti-dumping proceedings, and explained later in a memorandum that Brazil had withdrawn most of the subsidies. Consequently, it did not appear "opportune" to the Com-

**A.H. Hermann, Legal Correspondent, reports on a European Court judgment which will reassure companies threatened by imports of subsidised products.**

mission to open anti-dumping proceedings.

As the Commission said, it had to bear in mind not only the interests of the European industry but equally those of consumers. These informal communications were concluded by a letter to Fediol stating that the Commission would not open the requested anti-dumping proceedings, although it was not happy about the advantage received by Brazilian exporters in the form of credits. Against this decision, Fediol appealed to the European Court asking for its annulment.

The Commission asked the court to reject the appeal as inadmissible. Its letter was only "information" and not a "decision" against which there would be an appeal. The anti-dumping Regulation 3017/79 authorised enterprises and associations to complain, but did not give them a right to the opening of anti-dumping proceedings. The Commission claimed that it had a wide discretion in these matters, and had to exercise it in the economic and political interests of the Community and of third countries and not only for the protection of a particular industry.

Fediol argued that European producers had the right to demand appropriate protection from European institutions, and that once the existence of subsidies and of prejudice to European industries was established, the Commission had no further discretion and had to adopt protective measures.

The court, which in most cases follows the Commission's legal opinion, has this time decided in favour of Fediol. It also used the opportunity to lay down rules to be followed by all participants in the Community anti-dumping game.

Enterprises or trade associations, said the court, may complain of dumping either to the Commission or to a member state which would then be obliged to transmit the complaint to Brussels. The Commission should consult with member governments in order to establish whether the exports are subsidised and cause real prejudice to a Com-

munity industry and, if so, what measures should be taken.

If the Commission concludes that there is not sufficient evidence to open proceedings it must inform the plaintiffs. If, however, it is of the view that such evidence exists, it is obliged to announce the opening of proceedings in the Official Journal and continue investigations, either directly or in co-operation with member states.

The plaintiff should be kept informed, and given an opportunity of meeting other parties to the investigation. At this stage, the Community institutions can take preliminary decisions or promptly apply provisional measures.

These measures include obtaining assurances from the exporting country, or the imposition of a provisional countervailing duty. The definitive countervailing duty should be imposed by the Council when proposed by the Commission. The court concluded that Community producers not only have a legitimate interest in the institution of anti-dumping measures, but that Regulation 3017/79 also gives them a right to be informed by the Commission if it decides not to take anti-dumping measures. If such a decision is adopted in the preliminary stage of the investigation, the information given to the plaintiff should contain at least an outline of the conclusions and of the grounds on which these were reached by the Commission. The Commission has a similar obligation under Article 9 of the Regulation when closing formal proceedings.

The court said the Commission was obliged to make factual findings about subsidies and the harm they caused, but it had a wide discretion when it came to deciding about protective measures. It followed that in addition to appealing against infringements of the rules, Fediol could also ask for a judicial review of the use made by the Commission of its discretionary powers. It could appeal to the court not only on the grounds that the Commission did not observe the procedure prescribed by Regulation 3017/79, but also on the grounds that it clearly misjudged the facts, ignored signs pointing to the existence of an export subsidy, or abused its power by reaching its conclusions on improper grounds.

In other words, the court has reached maturity as a tribunal for administrative appeals. It would be most reassuring if it made a habit of keeping the Commission on its toes.

\* Case 191/82, judgment October 4 1983, unreported.

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TOMMY COOPER.



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**Turnover: 186% increase over 5 years.** "I doubt whether we could have set up and expanded without the Corporation's flexible attitude".  
Bernard Slater, Managing Director, Slater Yendall Limited.

**Turnover: 329% increase over 3 years.** "Redditch is an ideal centre for radial distribution".  
Geoff Quentin, Managing Director, Contract Foods Ltd.

**Factory area: 528% increase over 6 years.** "We could not have done it without the Corporation's help".  
Joe Lines, Managing Director, Joseph H Lines & Sons Limited.

**No. Employees: 800% increase over 3 years.** "Skilled labour and sub-contract manufacturers are available locally".  
Derek Squires, Managing Director, Newell Shredders Ltd.

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## UK NEWS

# Cabinet holds spending plans to target level

BY PETER RIDDELL, POLITICAL EDITOR

AN OPTIMISTIC assessment of the outlook for output and inflation next year will be made on Thursday by Mr Nigel Lawson, the Chancellor of the Exchequer. He will be announcing the public expenditure plans for 1984-85.

The Cabinet yesterday agreed, as expected, to hold expenditure next year to the existing planned total of £126.4bn.

This follows the elimination in the past two months of departmental bids for spending of more than £2.5bn above that figure.

In the past fortnight there has been agreement in the Cabinet on compromises over contentious items of defence spending and the financial targets for the energy industries.

One result is likely to be small increases in the prices of gas and electricity in 1984-85 after the recent freeze on these charges.

The outcome was being presented at Westminster last night as something for everyone. The Treasury was claiming that the Government was being seen to stick to its medium-term financial strategy. The obvious hope is that this might allow room for a small cut in direct taxation - via a rise in income tax thresholds - in the spring budget.

A similarly complicated compromise appears to have been agreed in the energy sector. Mr Peter Walker, the Energy Secretary, and the chairmen of the gas and electricity industries, have been opposed to the Treasury's proposals for tight financial targets which would require larger price increases than they believe are commercially justified.

The committee of senior ministers under Lord Whitelaw which examined spending plans is believed to have recommended increases in low single figures for next year. This was accepted by the Cabinet. Mr Walker disliked this recommendation. He is expected to discuss the detailed implications with Mr Lawson, with whom he has strained relations, on his return to London today from a visit to China.

Spending ministers were also generally claiming that they had safeguarded their programmes. There has been a complicated compromise arrangement on defence and both the Treasury and the Ministry of Defence were last night claiming to have secured concessions.

This basis of the deal is that for 1984-85 the starting point has been lowered since some of the cut in this year's defence spending, announced in July, has been carried forward. This should still permit a 3 per cent rise in real terms in line with Britain's commitment to Nato.

The key period is 1985-86 where the Ministry of Defence has apparently secured a guarantee of inflation proofing and growth of more than 3 per cent in volume terms. This year is the end of the formal Nato commitment and is the basis for later decisions.

# State drug bill to be cut by £50m

BY GARETH GRIFFITHS

THE GOVERNMENT intends to reduce the drug costs for the National Health Service (NHS) by at least £50m a year. The move is likely to prompt strong protest from drug manufacturers and wholesalers.

The Department of Health and Social Security (DHSS) is soon to conclude talks with the Association of the British Pharmaceutical Industry (ABPI) over a revised pharmaceutical price regulation scheme. This regulates the prices for drugs sold to the NHS by monitoring the profits which companies make from these sales.

The Government is expected to announce later this month that it will reduce the NHS drug bill by just over 3 per cent, or about £50m a year, with the maximum cut being considered at about £100m a year. In 1983-84 the NHS paid about £1.5bn for its drugs.

The Government is also expected to announce steeper controls on promotional spending by pharmaceutical companies.

In August the Government cut £25m off the current year's NHS

drug budget by reducing prices by 2.5 per cent and ruling out any increases until April 1984.

The harsher cuts planned for next year appear to stem from increasing concern on the part of many Members of Parliament about "excessive" profits made by leading drug companies from their NHS business. There has also been criticism of an "over-cost" relationship between the industry and the DHSS.

Last year drug companies earned £250m in pre-tax profits from their NHS sales, according to the DHSS. The ABPI says the figure, which includes returns from 65 drug manufacturers, is closer to £280m.

At the time of the £25m cut announced in August, the ABPI warned that the extension of such "repressive" measures beyond April of next year would damage investment confidence, lead to a reduction of research activity in the UK and erode the industry's export surplus. Last year the industry's exports totalled £1bn, with a trade surplus of £800m.

# Government wins first test of labour legislation

# How union came to terms with Mercury court ruling

BY PHILIP BASSETT, LABOUR CORRESPONDENT

FOR THE first time since the Government embarked upon its programme of labour legislation, a trade union yesterday considered carefully the practical effects of defying the law. The Post Office Engineering Union (POEU) looked into the abyss of refusing to obey a court order - and pulled back.

In a closed, private session at the union's recent annual conference at Blackpool, POEU delegates held a 90-minute debate about whether to comply with Wednesday's Court of Appeal judgement under the 1982 Employment Act, ordering the union to lift its blocking of Mercury, the private telecommunications company.

Realistically, the result was a foregone conclusion, after the decision reached yesterday meaning by the union's 25-man executive committee to recommend compliance.

Five left-wing executive members switched their votes to give a 14-9 majority in favour. At the conference, delegates voted overwhelmingly

in favour of the executives' recommendation by a show of hands and then re-confirmed it in a card vote. This showed 83,385 (70.3 per cent of those voting) in favour, 35,596 (29.7 per cent) against, with 936 (0.7 per cent) abstaining.

Delegates had before them a confidential report on the case from the executive, which laid out in stark terms the six points of the leadership's conclusions on the judgement.

● To refuse to comply would be unlawful.

● Disobeying would mean severe financial penalties. These would be an immediate fine, which, the conference was told, could be between £50,000 and £100,000 followed by repeated daily fines of thousands of pounds. Delegates were also told that the court could seize the union's funds and that the assets of individual executive members were also at risk.

● To pay such fines would render the union ineffective, and would

halt its campaign against Mercury and the privatisation of British Telecom.

● To refuse the injunction would end any hopes of appealing against the judgement to the House of Lords, and would seriously prejudice the union's position when the full trial of Mercury's claim for damages comes to court, early in the new year.

● The POEU's rules require the union's officers, staff, and members to act lawfully.

● Trades Union Congress policy was that unions should not break the law by defying an injunction.

Mr Bryan Stanley, POEU general secretary, appeared to seal the decision in an emotional speech. He pleaded with delegates not to vote on political or tactical grounds. The only issue at stake was the union's future. To vote against the executive's recommendation was to destroy the union.

Law report, Page 27

# Airports authority profits up by 23%

BY RAY MAUGHAN

BRITISH AIRPORTS Authority (BAA) is ahead of its internal profit projections so far this year with a 23 per cent rise in six months trading profits to £53.8m.

The seven airports run by the BAA always lose money in the two winter quarters, but the benefits of a 7 per cent rise in productivity, a 17 per cent increase in traffic and a small tariff rise last April, mean that profits so far are beating the earlier forecast of a £37.1m surplus before interest and tax.

BAA is one of the candidates for privatisation during the life of this Parliament, but Mr Norman Payne chairman, said yesterday that the earliest date required legislation could be introduced would be autumn next year. This would allow de-nationalisation in 1985.

Consultations with Mr Nicholas Ridley the Minister of Transport, have not yet started and no timetable for privatisation has, therefore, been agreed.

Mr Payne said BAA's traffic-related income rose by 11 per cent in the six months to September,

while commercial income from duty free shops, the new chain of Skyshops and concessions improved by 35 per cent. Commercial income now accounts for 48 per cent of the total, and the chairman claimed, "We are now making money from retailing than Tesco, the UK grocery retailing chain."

BAA is building a fifth terminal at Heathrow Airport (London) and a second terminal at Gatwick near London, to meet increased demand projected for the rest of the decade. Its targeted capital spending will rise from £38.3m to some £125m, although trading conditions in the winter months will decide the extent to which BAA will fund this expenditure from its own resources.

Expansion of Heathrow beyond four terminals would not be completed in time to meet the rise in demand in the next decade, and the BAA warns that continental airports which are already campaigning hard for additional traffic - notably Amsterdam, Zurich and Paris - would eventually take the additional volume.

# Lloyd's names broker as new chairman

By John Moore, City Correspondent

LLOYD'S, the London insurance market, yesterday named a new chairman to succeed Sir Peter Green, who steps down at the end of the year. He is Mr Peter Miller, aged 55, senior partner of law firm Messrs Thomas R. Miller and Son.

Mr Miller stepped up as chairman of a compromise choice by the Lloyd's ruling council. An early advocate for the post was Mr Murray Lawrence, head of underwriting at the Bowring Group who was yesterday named as a deputy chairman.

Mr Lawrence had been a deputy chairman of the market, but had to retire last year after serving the required four-year term.

There are two departures from tradition in Mr Miller's appointment. He has not served a period as deputy chairman and he is not a member of an insurance broking group.

Brokers are felt by the underwriting community not to be suitable as chairmen, although Sir Peter Green's predecessor, Sir Ian Findlay, who was chairman between 1978 and 1980, was a broker.

# Claim against bank dismissed

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE PAPERS in a \$5m damages claim brought by a British company against the Central Bank of Nigeria are to be sent by a UK High Court judge to the Director of Public Prosecutions.

Mr Justice Parker, who dismissed the claim with costs was told by counsel for the bank that the claim was "a scandalous abuse of the process of the court" in which false allegations of misconduct were made against the Central Bank and Midland Bank.

Mr David Kemp, QC, also alleged that Reproband had obtained a court order freezing the Central Bank's London funds for five days on the basis of perjured and forged evidence.

Reproband asked the judge to dismiss its action with costs because it had not the money to proceed and because its chief witness, Mr A.B. Khan, its managing director, was not in a position to give evidence.

Mr Kemp protested that it would not be right, or in the public interest, that Reproband should be allowed to "slide out" of the case - which had already been referred to the Fraud Squad - in that way.

Extremely serious allegations had been made against the banks, Mr Kemp said. He asked the judge to hear some of the bank's evidence and make findings that the allegations were false.

Mr James Goudie, for Reproband, said it did not accept that its documents had been forged. He said he had no express instructions to withdraw the allegations against the banks - "but I am certainly not seeking to pursue such allegations."

The judge said that, although he had the greatest sympathy with the banks, he thought Mr Kemp's suggestion would not be a proper one for the court to adopt. He did, however, think it would be right to refer the papers to the Director of Public Prosecutions.

Reproband had alleged in the action that the Central Bank provided it with a \$13m letter of credit in connection with the shipment of cement to Nigeria.

# Consortium will make pipeline bid

BY RICHARD JOHNS

FOUR British companies - Williams Bros, Taylor Woodrow, Humphreys Glasgow, and John Laing - hope to obtain a quarter share in the construction of an oil pipeline from Iraq to the Red Sea across Saudi Arabian territory. The pipeline will cost an estimated \$2bn to \$3bn.

The four companies joined forces earlier this year, forming British Pipeline Engineering and Contracting Company, largely to bid for the project. It has yet to go to any formal tender, however, and Saudi-Iraq agreement will be needed on transit rights.

The prospects for implementation, however, are sufficiently good for the UK group to have formed a wider consortium which includes Entrepres of France, Nacap of the Netherlands and Brown and Root of the U.S.

British Petroleum is acting as oil consultants on behalf of the consortium and Morgan-Gentell is giving financial advice. Morgan-Gentell and Sunnington have been co-opted as prospective suppliers of pipe.

Saudi Arabia and Iraq have recently started detailed discussions on the construction of the pipeline, which would have a capacity of 1.5m barrels a day. It would give Iraq an alternative for its oil exports to the pipeline through the Gulf and the Straits of Hormuz.

Iraq has been unable to use this for over three years because of the conflict with Iran.

Iraq first approached Saudi Arabia in the summer of 1981. Although the kingdom agreed in principle to an Iraqi-owned pipeline crossing its territory, in practice it has been reluctant until recently to contemplate its construction.

It would take two to three years to complete the pipeline and therefore the project offers only a medium-term prospect of easing Iraq's

financial problems. For this reason, Iraq and Saudi Arabia are also examining "an interim measure" - a shorter pipeline, linking Iraq's southern fields to the existing trans-Arabian pipeline from the kingdom's oil fields in the eastern province. Less than a third of its 1.85m barrels a day capacity is at present being used.

Yesterday, Mr Paul Channon, UK Minister of Trade, was reported as saying in Baghdad that he expected British companies to obtain a 20 per cent stake in a consortium to build the pipeline. He said the project would be financed through commercial credits.

In London, Mr Bob Nelson, chief executive of BPEC, confirmed that the group had been holding talks with the Iraqi Government. He stressed that it was premature to talk of the consortium winning the contract.

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## Fact 2

Luckily, the good news about Northern Ireland's high productivity travels almost as fast among some industrialists as bad news does among journalists, which perhaps explains why 100 plants have set up almost unnoticed in Northern Ireland in the last 10 years. There are 26 successful U.S. companies operating here, from giants like DuPont and General Motors to smaller market leaders like American Monitor. European companies like Hoechst, Plessey and S.T.C. also judged Northern Ireland on its merits and are delighted with the results.

## Fact 3

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## Fact 4

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## Fact 5

For a company looking to both short-term and long-term profits, our financial package is irresistible. Your fixed capital costs can be reduced by up to 80% and many companies pay no corporation tax.

## Fact 6

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## Fact 7

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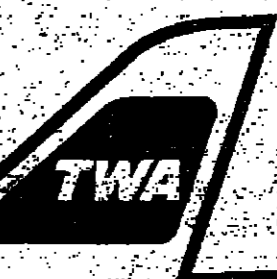
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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Job creation enterprises

## Unemployment: today's growth industry

BY IAN HARGREAVES

On the clouds and silver linings principle, it was only a matter of time before inventive individuals found ways of making good business out of the unemployment crisis.

Britain, whose unemployment record is one of the worst in the developed world, has proved a particularly fertile seedbed for this new generation of job-creation enterprises: a fact ironic, but not entirely surprising. It is precisely because Britain's employment problems are so deep-rooted that they have generated a vast range of responses, chiefly from Government and the public sector, but also in recent years in public/private sector co-operative ventures.

This year, the Government will spend well over £3bn on its various anti-unemployment and

regional regeneration measures. Brussels helps out too, with a contribution to the UK of over £400m a year. The existence of this large pool of funds and the need for expertise in tapping it has provided a significant opportunity for entrepreneurs.

The three companies profiled here all have the benefit of leadership from people who have worked inside the public sector job creation business. But since becoming independent, all three companies have shown that in this as in other fields, anyone who clearly identifies a market can become an exporter.

The idea of Britain selling unemployment remedies may seem like the ultimate piece of quackery, but the first customers seem to be satisfied.

Youth Employment Agency design a community and youth enterprise programme.

"We blend idealism and business-like attitudes. None of our competitors has that," says Ball, making both a statement of principle and a statement of political suspicion. In the world of politically suspicious local authorities and self-help community projects, an effective marketing point.

The financial basis of the centre's company is that it charges clients who can afford it a commercial fee for its services (£160 per person per day for consultancy is the going rate), but offers free advice and support to fledgling projects which have no funds. Income from fees last year amounted to £117,000, but the centre also has a trust, into which any profits are channelled, and which makes out research, sometimes on contract from the company.

**Centre for Employment Initiatives**

**'We're a Robin Hood organisation'**

"WE AIM to be the leader in this field. We should be 10 times bigger than we are now, because the need is big."

That, unlikely as it seems, is the voice of the non-profit sector of the job creation industry. Colin Ball, an informal 40-year-old who prefers sweaters to jackets, is nothing if not ambitious.

One of the founders and now co-director of the Centre for Employment Initiatives, which has offices in London and Liverpool, Ball was one of three people who two years ago set up an independent centre to support anti-unemployment efforts.

Its objectives are more ambitious than those of JCL or Pace and its resources slimmer. Ball's experience working for bodies like the Manpower Services Commission convinced him that only by retaining complete independence from Government and other corporate patrons would the centre be able to do its job.

The centre, which has 11 full-time staff, is part consultant, part programme manager and part resource base. As such, it competes directly with Pace and JCL for work with local authorities and has succeeded in winning some of the larger contracts in the field, such as a commission to help the Irish

Although the breadth of the centre's objectives inevitably causes problems in defining priorities and stretches resources to breaking point, the same fact does lead the centre's work to be pioneering.

A conversation with Colin Ball, for example, is likely to range between a biting critique of the MSC, which he considers narrow, institutional and remote, and theories about the "new trade unionism" necessary to foster the autonomous enterprises which Ball sees as central to both the economic and social future of the developed world.

The centre has become especially closely involved in what is known as the community business movement, having written two important reports on the subject. Community businesses

are, essentially, self-help enterprises with a combined commercial and social intent: for example, employing unemployed people to restore and sell old furniture. Such businesses, of which there are probably more than 100 in Britain, require Government or charitable money to get started and often find it impossible to become financially independent.

"We need to ask whether community businesses ever can or should have to survive without help," says Ball.

Although this is a viewpoint out of tune with the mood of the times, it is not, says Ball, any different from other Government-funded cushions against market reality in the nationalised industries, or regional grants.

So far, however, the community business has won the centre more recognition in Paris and Brussels than in London. The centre has just completed a series of 20 local investigations into small scale employment initiatives in Europe on behalf of the European Commission and the Organisation for Economic Co-operation and Development (OECD) officials speak warmly of the centre's contribution.

It is a contribution, says Ball, which fits no party political line. "We have as much difficulty getting support from the TUC as from the Government," he says, adding that he has himself never voted in an election.

The key, he argues, is ownership. "Community business is about power, about ownership and control." In the same way, the centre preaches "ground level design" for training and other projects, criticising the MSC for its failure to accomplish this.

In management terms, Ball says the priorities for the next year are the data base, to extend the network of associates and to get the centre better known as an innovative thinker and activist.

**PA Creating Employment**

**Convincing clients of commercial potential**

"JCL IS not in the same league as us," says Stewart Anderson, director of Pace, as he starts to list the global resources of PA Management Consultants, to which he has access.

"Pace took our literature and reported it," ripostes Paddy Naylor of JCL (see right). "Anyway, consultants aren't oriented to this type of work."

The degree of needle between JCL and Pace points to their mutual anxiety to distinguish themselves from each other, which in turn points to the great similarities between them. It could hardly be otherwise, since, like Paddy Naylor, Stewart Anderson is a graduate of British Steel Corporation (Industry), where he was responsible for managing one of the jewels of the British job creation record: BSC(I)'s much lauded Clyde Workshops, which created 500 jobs in 80 small businesses in the unpromising east end of Glasgow.

Anderson, like Naylor, decided two years ago that his BSC(I) experience offered him an entrepreneurial opportunity, but decided to join forces with the mighty PA to create Pace—PA Creating Employment.

Pace's motto, says Anderson, is that "only customers create jobs," so it approaches the task of economic regeneration with a broader, if more conventionally consultant-like, marketing pitch, than does JCL.

"The biggest source of jobs is

where a company comes to us and says it has spare capacity and would like to expand. Jobs are usually the last thing on the client's mind, but you end up convincing them that the socially worthwhile objective of creating jobs is compatible with the commercial objective."

Pace's ability to help create jobs in large companies as well as through small business, says Anderson, is another important distinguishing factor compared with JCL.

Pace, with only 12 staff of its own, clearly relies upon PA both for back-up in resources and, to some degree, for contacts, although in practice its client base bears close resemblance to JCL's: a mixture of local government, central Government, government agencies and big companies.

One of the successes Anderson is most pleased with, for example, could come straight from the JCL scrapbook. Working for London and Northern, the steel stockholders which had a redundant 10-acre site near Motherwell, Pace advised that the company set aside part of the premises for small business workshops in return for planning permission to use the remaining land for retail development. "It's really just lateral thinking," says Anderson.

Another recent feather in Anderson's cap was his success in winning a Government contract to manage the London-derry Enterprise Zone—a contract for which JCL had also bid.

Pace's willingness to commit long term and full-time management to particular projects does, says Anderson, distinguish it from other consultants' advice and planning services. Pace is currently looking at a project in the Shetland Islands to help the EP-led syndicate which owns the Sullom Voe terminal develop employment opportunities for displaced islanders. "A local body will have to manage anything that is done there," he says.

**Job Creation Ltd**

**'People want you to fall on your face'**

"CUTBACKS and restructuring," says Paddy Naylor, "were really what the next decade was going to be about in British industry."

That, he adds, was his view in 1977, when he signed a three-year contract to run British Steel Corporation (Industry), an offshoot of the nationalised steel company designed to tidy up some of the social and economic mess left behind by re-trenchment.

Six years later, with a workforce reduced from over 200,000 to under 75,000, BSC has proved Paddy Naylor's point. But as he sits back in the Old Bond Street offices of his present company, Job Creation Limited, it becomes evident that not every body came out of the BSC holocaust without a future.

Paddy Naylor took to BSC(I) in 1977 a strong general management background from Ford, Plessey, Bovis and Furness Withy: a career which had itself been built on the foundations of an entrepreneurial flair as a young man in his own small business.

When he left BSC (I), Naylor and his colleagues had devised a packaged approach to job creation which Naylor was convinced could be marketed commercially to local authorities or large corporations, hence Job Creation Limited.

"What we didn't know, I suppose, was whether anyone would pay real money," he recalls, which was why JCL came

up with the catchy idea of payment by results. It told clients that it would move a team into their areas and work initially on a cost-covering basis. But if the client agreed that a certain number of jobs had been created at the end of the agreement, JCL would receive a fee for each job.

The fee in the UK is £250 per job at 1981 prices, increased to reflect price inflation since that time. In Europe, JCL asks for £400 a job. Since the scope for disagreement about whether any job has been created by the efforts of JCL or anyone else is boundless, the company operates on the principle that the customer knows best. It takes payment, and therefore profit, only from satisfied customers. "It's an open book system and we're proud of it," says Naylor.

Once having attracted a client's attention with this, the sales pitch can be backed up by quoting the experience gained with BSC(I).

The BSC(I) formula is simple and, by now, well known. BSC(I) nourished small businesses by pumping in start-up capital and cheap loans—many of them backed by the EEC social fund—and created the right kind of premises: the classic small-business "village." These villages, which have been extensively copied throughout Britain and beyond, offer the small businessman low rents, low start-up costs and a central service point for help with things like marketing, accounts and financial planning. BSC(I) itself claims to have helped create 20,000 jobs since 1977.

Paddy Naylor sums up the approach as follows: "We demonstrated that a local initiative with executive control on the ground could be successful. You really could make things happen."

Since 1980, JCL has attempted to transplant the BSC (I) method, although it has been forced, in practice, to modify its

ideas according to local circumstances.

Its first job, for the Highlands and Islands Development Board, for example, strayed from the payment by results formula, which is probably as well given the length of time it took for JCL's people to prise loose the funds necessary to create small business premises. Three years on, Naylor claims success, with the new premises filled by a random array of small service businesses. HIDB board officials acknowledge progress, after a slow start, but point out that Fort William still has a long way to go before its employment problems are resolved. Another customer, Southwark Borough Council, dismissed JCL because a newly elected left-wing majority considered the company's efforts irrelevant.

JCL learned from Fort William the importance of availability of premises and of getting the right size and quality JCL team on the ground at once. "You have to have at least two people—it's a lonely job," says Naylor.

It also learned the importance of creating momentum in the first months of a contract. "There are always plenty of people who want to see you fall on your face."

JCL, however, has not fallen on its face too often and now has a client list which spans five countries. One of its biggest projects has been for Philips, the Dutch electrical company, which used JCL to establish a small-business "village" and, along the way, as a catalyst in re-thinking its corporate view on venture capital and small-business spin-offs. JCL has also done work in Belgium and Germany and recently took on its first project in the U.S.

Probably the ideal situation for JCL is when it is paid by both sides—by a company which needs help to ease its social conscience and to dispose of redundant premises, and a local authority which is willing to pay to create new jobs lost when the premises became redundant.

Thus in Gosport, JCL took on a Read wallpaper factory and with the help of the local authority turned part of it into small business units. For any units sold on the open market, JCL collects an agency fee.

Having struggled financially for three years—since its job creation fees are collected in stages over two years—JCL has, says Paddy Naylor, recorded its first half-year profit, of "about £200,000 net" this year. Electra Investment Trust this summer put £350,000 of equity into JCL in return for a 32.5 per cent stake. Naylor remains the largest shareholder with 35 per cent.

The company which started life with £10,000 in paid-up capital and a £125,000 bank line of credit now employs 35 people, most of them on reasonable middle management salaries. JCL pays Naylor himself £30,000 a year.

In so far as all this leads to any general theory of unemployment, Paddy Naylor subscribes to the asparagus and colour TV school, which states that in the future "you will be able to buy a colour TV for the same price as a sweater or a pound of asparagus."

So, in economic terms, it is as sensible to encourage the sweater knitters and asparagus growers as to persuade Sony to set up in Wales. JCL expects to go on making money as one of the encouragers.



(Left to right) Colin Ball, Paddy Naylor and Stewart Anderson

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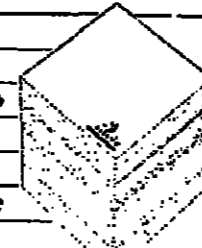
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FT/5

## INTERNATIONAL SHIPPING

## How a UN code is making waves

By Andrew Fisher, Shipping Correspondent

THE WORLD'S conference line shipping operators have just become subject to a new and controversial United Nations code aimed at giving developing countries a far greater share of the seaborne trade to and from their shores.

In the long term, the new code could prove to have far-reaching implications for international shipping. But its more immediate impact is proving difficult to judge because it is far from clear how faithfully shipping nations will choose to implement it.

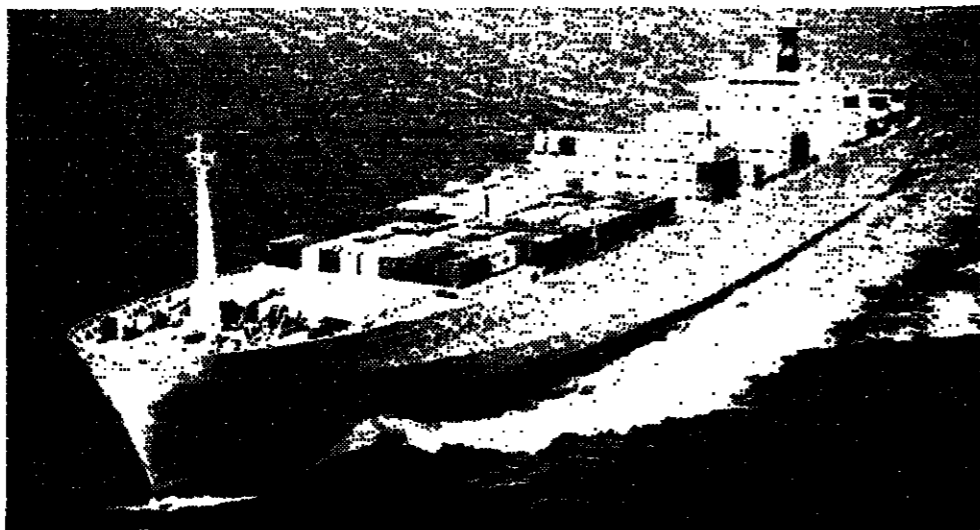
The developed countries were reluctant to accept the philosophy behind the code, but most of them—with the notable exception of the U.S.—have decided to go along with it. EEC nations are prepared to implement a modified version of the code which is designed to give the developing countries what they want, without destroying free trade between developed nations.

The conference lines covered by the code are cartels, originating in the 19th century, which set rates, agree schedules and decide cargo allotments among members on routes between particular ports.

The code, drawn up under the auspices of the United Nations Conference on Trade and Development (Unctad), was first adopted in 1974, but has only recently come into effect after much argument.

In the intervening years, a great deal has changed in the shipping world. Non-conference outsider lines now control a high proportion of scheduled trade on certain routes, relying on cheaper rates to attract business.

The code has two key clauses: The first states that the lines of the countries at each end of a trading route shall have equal rights to participate in the conference traffic between them.



A Dutch container ship, typical of those used in modern liner trades

The second provides for cross-trading countries, operating between ports beyond their home base, to take a significant part, defined as being around 20 per cent, of the traffic in each trade. Britain and the Nordic nations are major cross-traders.

The wording of these clauses has led to the code being called the 40-40-20 formula in the industry—though this breakdown is not spelt out in its actual wording.

The 40-40-20 formula means that lines of importing countries would theoretically have 40 per cent of shipping conference business—non-conference, or outsider lines, would be unaffected—those of exporting countries 40 per cent, and cross-traders the rest on each route.

In practice, a share-out could never be quite so precise. Furthermore, the code is not expected to apply to shipping between developed countries, which account for some 75 per cent of conference line traffic.

The reason is that the EEC member countries have proposed a modification to the code under which, while 40 per cent of conference trade with a developing country would be reserved for that country's lines, the balance would be open to normal competition among lines in OECD countries.

However, the U.S. has been holding out against both the original code and the EEC modifications to it. It claims the code is protectionist and argues that countries should rely more on free trade yet with some bilateral deals.

In recent talks with the U.S., western European shipping nations sought to reconcile the differences. Some progress was made, but major obstacles remain, namely over attitudes to government cargoes, covering such things as aid shipments.

About a tenth of U.S. liner trade is categorised as such and reserved to domestic lines under national shipping laws, thus keeping out other countries.

There are more than 350 conferences in world shipping, the biggest being the Far Eastern Freight Conference with over 30 members.

The advantages of the conference system to shippers and forwarders lie mainly in the reliability of service and the guarantee of price and timing. Increasingly, though, cheaper and aggressive outsider lines have come on to the scene.

The code does not cover these non-conference lines directly. A UN resolution at the time of the code's initial adoption in 1974 said it was not meant to deny shippers the choice between lines in or outside conferences.

This resolution laid down that outsiders competing with a conference "should adhere to the principle of fair competition on a commercial basis."

When the code was drawn up, only around 5 per cent of liner traffic was handled by outsiders. Now, the level is more than 40 per cent and up to 60

per cent in some trades. Some developing countries feel the code should be applied to outsiders as well.

Among the best-known non-conference lines are two Taiwanese companies, Evergreen and Yang Ming, ABC Containerline of Belgium, and Trans Freight Lines of the U.S., though the latter has recently joined two North Atlantic conferences.

It is on price that many of the outsiders have scored, though often at the cost of severe financial disruption of trades, through offering cheaper and uneconomic rates.

Much of world liner shipping these days is containerised. One big container vessel can carry as much as five or six older conventional ships. The big Japanese lines, European companies such as Overseas Containers Ltd (OCL) of the UK, the financially hard-pressed Hapag-Lloyd of West Germany, and Nedlloyd of Holland are among the biggest liner and conference operators.

The code does not cover the tanker or bulk carrier sectors of shipping. Liner vessels transport general cargoes—anything from machinery to personal effects.

The new UN code was described at a recent conference in London held by Lloyd's Shipping Economist as "a momentous event in the history of liner shipping," by Mr Jim Davis, a director of Kleinwort Benson, the British merchant bank. But he was sceptical about the likely financial consequences.

National lines, especially in developing countries, might well embark on new tonnage ordering programmes in order to boost their shares of particular trades, he felt. But the code provided no defence against outsiders coming in at a time when liner ships are already in over-supply.

Thus he argued: "The implementation of the code will do nothing to provide greater security for bankers, who will still have to look to the overall volume of trade, the credit-worthiness of the shipowner, and the extent of non-conference competition when making their assessment of loan propositions."

So when developing countries seek to find the money for their new vessels, "I do not think that commercial banks will be rushing to provide this finance, unless they receive very substantial assurances concerning management, trade volumes and freight rates, and the enforceability of mortgages."

Speaking in the code's support, Mr Sanjoy Sen, deputy chairman of the All India Shippers' Council, said that it was a flexible document. "Its provisions are capable of being adapted to meet a particular situation prevailing in a particular trade or in a conference."

He noted also the strong emphasis in the code on consultation, so that conference members, shippers, and governments could agree on how to conform to the code.

With a two-year transition time to allow conference lines to adjust to the code, it will be some time before its effects are seen. UNCTAD is doing its best to put pressure on non-ratifying countries to change their stance.

But the immediate effects are unlikely to be startling. After all, conference members have had nine years in which to consider their strategies for the new era. And the growing role of the outsider will make it even harder to apply fully. Nor will all maritime developing countries be able to reach anything like 40 per cent of the relevant trades, while others—like South Korea and Indonesia—have already achieved this.

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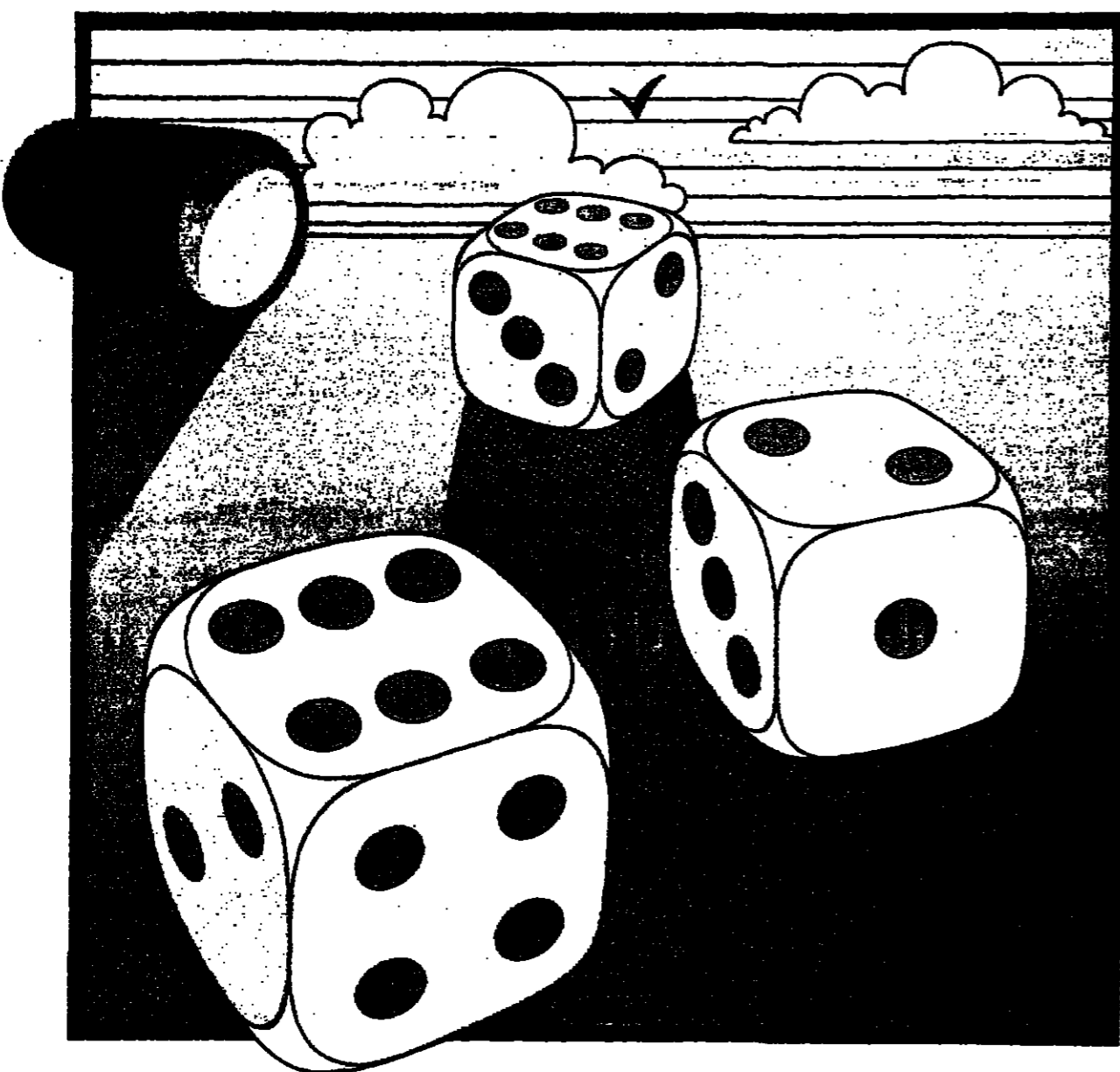
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## FINANCIAL TIMES SURVEY

The spread of home freezers has been behind the buoyant growth in frozen food sales. Margins for manufacturers and retailers have been squeezed, however, by intense competition, and this has put a premium on the development of new added-value products

## Frozen Foods

THE UK FROZEN food industry has come a long way since the early days of the 1950s. Then, the technology of freezing, distribution and home storage lagged a long way behind consumer expectations, but, as methods improved and standard rose, so demand quickened.

The market's growth in the late 1980s and early 1990s was hampered, industry officials admit, by a lowering of standards as a number of new companies entered the market. The result was over-supply, fierce competition and ultimately a deterioration in standards—problems it has taken the industry years to overcome.

The character of the industry—worth over £1bn a year in sales—has changed markedly since those early days, though there remains fear that in the wake of the further surge in growth which took place in the early 1980s, there could again be losses of quality.

The trend over recent years, however, has been for producers to depend less and less on basic commodities with their variable harvests and volatile markets—for example, the frozen vegetable sector where the danger of corners being cut is at its greatest.

Instead, the trend is for companies to look towards value-added convenience products. "These enable companies to implement detailed cost planning and to directly allocate promotional funds to products clearly definable as profit makers," Mr AH Carr, secretary general of the British Frozen Food Federation points out.

Findus, for example, has been concentrating on new added-value products but so have been the other majors as well as a whole host of smaller companies. Without the need for heavy investment in freezing technology and equipment for vegetable frozen foods, smaller companies can more easily compete with the big companies in areas where initial investment is relatively low.

United Biscuits has secured a considerable market presence though concentrating only on added value lines. Recently, it has brought all its frozen products together under the established McVitie's brand name.

The importance of new product development was shown by a poll carried out by the trade

popular in the mid 70s. In addition, the trend is towards combining a refrigerator and freezer in one unit.

At first sight, this trend away from chest freezers would appear to be detrimental for frozen foods sales. However, the trend towards smaller freezers reflects the greater use

products—and thus helped generate sales growth.

This sales growth, however, has also had the effect of increasing competition in the industry. "It is no secret that the intense competition in frozen foods is putting pressure on the margins of both manufacturers and retailers," points out Don Angel of Birds Eye. Such pressure led to Birds Eye announcing the closure last summer of two food plants and an ice cream factory, with the anticipated loss of about 2,200 jobs over the next four years.

"Truly this is not an easy industry in which to make money, as some of our competitors have found to their cost," adds Mr Angel.

Ross Foods, part of the Imperial Group, maintains that it has fared best of the "Big Three" in the past year. Ross claims that its market share is now 9.2 per cent by volume, compared with 18.4 per cent for Birds Eye and 5.1 per cent for Findus. This represents a 13 per cent volume gain for Ross and a decline for the other two majors, it claims.

The future growth of the UK frozen food industry will also depend on how successful UK producers are in spotting market trends and new ideas. One prime source for these, are the international trade shows, the next one of which IFFEX '94 takes place in Copenhagen next spring.

One trend that will be closely watched is in the U.S. where a major development has been towards frozen low calorie speciality meals and other products. Stouffers, a Nestlé subsidiary, started this trend a couple of years ago with its 300 calorie or less "Lean Cuisine" line.

Ideas like these may or may not catch on in the UK market, but few within the industry believe that the overall growth of the market in the rest of the 1990s will fail to continue to be ahead of the food trade in general.

## Overcoming the early problems

BY DAVID CHURCHILL,  
CONSUMER AFFAIRS CORRESPONDENT

magazine "Supermarketing" earlier this year. This poll of the best new products launched during 1982 gave frozen food companies an unprecedented seven out of the top 20 new products. Birds Eye alone had four of these products—a record in the history of the poll—and filled the top two slots with its own crispy cod steaks and steakhouse grills.

New product development has undoubtedly been one of the key factors in the significant market growth of the past couple of years. But there have been other factors at work as well.

Probably the most significant engine of growth has been the increased penetration of freezers into UK households. A decade ago only 6 per cent of households had freezers; now the figure has reached almost two-thirds of all households.

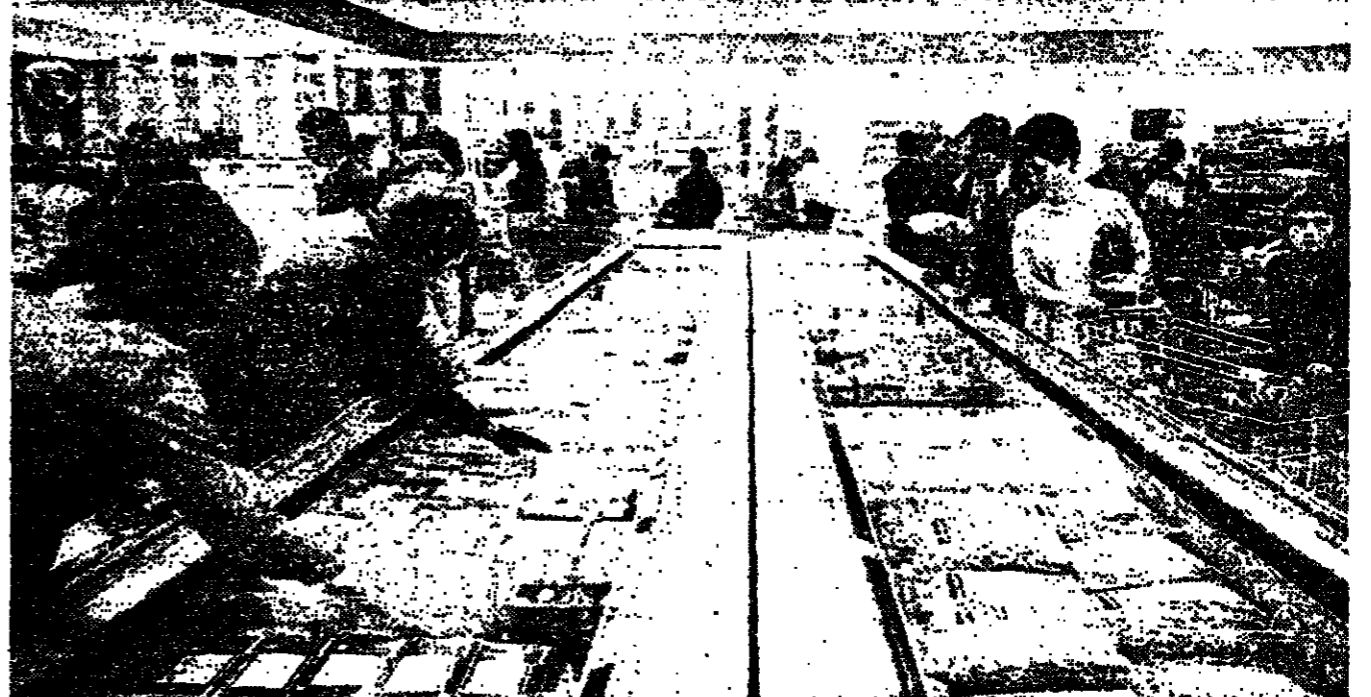
The growth in home freezer ownership has also coincided with the trend towards smaller, upright freezers rather than the large chest-type of freezers so

of bought-in prepared frozen foods by consumers rather than freezing their own-prepared foods.

A new survey from the Allen, Brading and Marsh advertising agency emphasises this trend. "Consumers no longer regard frozen food as only a convenience product, but more as an added value product," the survey says.

Other surveys suggest that with more working women and the trend towards less regular meal times, frozen foods play an increasingly important role in the home.

Reflecting this trend has been the increased willingness of supermarket chains to devote sales space to frozen foods. Food retailers were relatively slow to adapt to the move towards frozen foods, which enabled specialist freezer centres, such as Braham, to secure a considerable market niche. But, over the past few years, the major food chains have allocated greater space to the added-value frozen food



Supermarket chains were relatively slow to adapt to the move towards frozen foods but they are now devoting more sales space to them

## Mild winter slows expansion

The market  
DAVID CHURCHILL

THE FROZEN FOOD sector has shown some of the most rapid and sustained growth of all food markets during the recession, at a time too when the overall demand for food remains relatively static.

Frozen food sales grew by between 15 and 16.5 per cent in each of the last two years—to reach either £1.152bn (according to Birds Eye Wall's) or £1.136bn (according to Ross Foods)—a discrepancy due to a difference of opinion within the trade as to exactly what should be included in the frozen foods sector.

This buoyancy was helped by the cold winter at the beginning of 1982, which gave a boost to frozen vegetable sales. By

the end of the year, however, over-production in this sector, and mild weather, meant that "the end of 1982 was a lot tougher than the beginning," according to Mr Don Angel, chairman of Birds Eye Wall's.

According to trade sources, 1983 has also been more difficult with total market growth at only about a third of last year's level at around 5 per cent. "Following the extraordinary progress of the previous years, some reduction in the rate of market growth may have been anticipated, but the extent of its deceleration was largely the result of adverse conditions in the market for frozen vegetables," says Mr Howard Phillips, assistant managing director of Ross.

The vegetable sector still accounts for more than half of all frozen food sales in volume terms, and the effect of last winter's mild and unusually long season for fresh produce

not only depressed that particular sector of the market but also seemed to cast a shadow over the general performance of the industry.

More immediate prospects are rather more difficult to assess in the light of the drastically changed situation in the vegetable market. Both pea and potato crops were affected by poor weather conditions earlier this year, and have fallen significantly short of the anticipated harvest levels.

## Targets

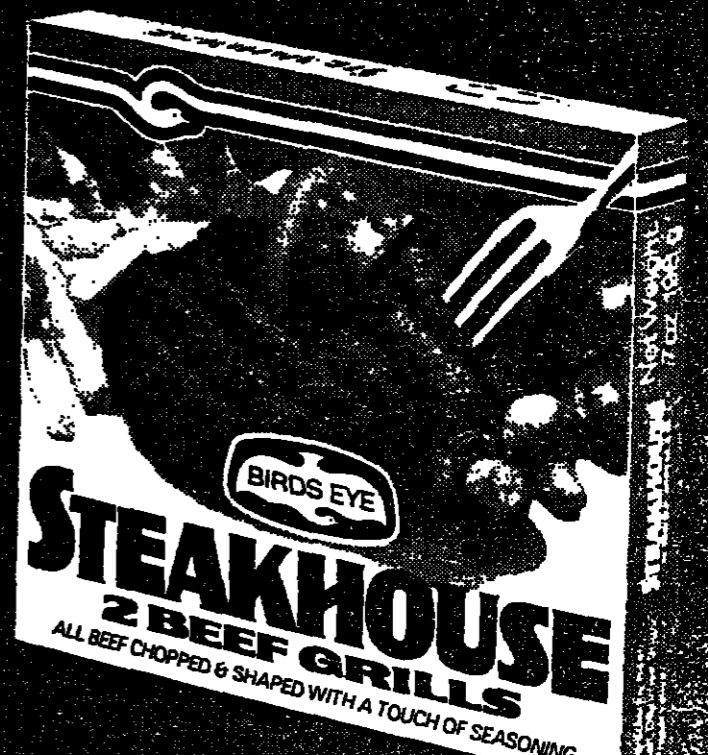
Peas, which account for more than half the frozen green vegetable market, were down on yield targets by about 10 per cent. At the same time, the sharp escalation of potato prices will have an increasing effect on prices for chips and other potato products.

The other sectors present something of a "swings and

roundabouts" position, according to Ross's Howard Phillips. Meat products have continued to make substantial progress, adding a further 12 per cent to the sector's 25 per cent growth achieved in 1982. At £380m, meat products have now overtaken vegetables and fish to become the most important sector in sterling terms.

Sales within the fish sector, which in recent years have been boosted by considerable new product development, flattened out from a 9 per cent growth in 1982 to virtually a no-change position in the first half of this year. Particular problems have been high raw material costs as well as a fall in demand during the hot weather.

Frozen desserts, however, have benefited from the long hot summer and at present sales are running some 8 per cent above last year's level. At one stage last summer, sales were running some 23 per cent ahead.



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Number Two was Birds Eye Steakhouse Grills. Already, they're a multi-million pound brand—the second biggest-selling Birds Eye meat product.

(And already we've followed our lead with the introduction of Lamb Grills.)

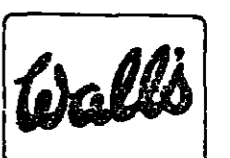
Number Five was Wall's Viennetta.

Nobody had thought of mass-marketing such an elegant style of ice cream before. Sales prove what a great idea it is. (And this year, we've brought out another high-style dessert—Birds Eye Arctic Gateau.)

Looking ahead, our plan is simple: to keep imaginative, interesting ideas flooding into the frozen food and ice cream markets.

Getting it right is the name of the game. And from where we stand, that sounds like a great idea.

All the best from



## How Tyneside broke the ice with Findus.

Attractive grants, and a very helpful and co-operative attitude, were among factors resulting in Findus warming to Tyneside as the location for their £30 million frozen foods factory.

After detailed labour and site surveys, Findus decided that Tyneside provided a skilled workforce of the highest calibre and a transport system that integrated perfectly with the national network.

Now the Tyneside Enterprise Zone offers further benefits that add up to an unbeatable package. Benefits such as...

- No general rates payable until 1991.
- 100% capital allowance for taxes against new premises.
- Speedier administration and relaxing of planning controls.
- 22% Regional Development Grant on manufacturing plant and premises.
- Selective loans at favourable rates and interest relief grants.
- Up to £8,000 per job created in mobile service industry.
- Plus selective financial assistance for land purchase and development enabled by the Tyne & Wear Act.



**TYNESIDE ENTERPRISE ZONE GETS YOU GOING.**

## HEINZEL'S THE FROZEN CAKE PEOPLE

Head Office: 7-11, Chelton Street, London, NW1 1JD. Tel: 01 288 7511, 01 287 8622. Telex: 894 547. Doncaster Factory: Bentley Moor Lane, Adwick La Street, Doncaster, South Yorkshire, DN6 7BB. Tel: 0322 72 1776. Telex: 547958.

The growth in own-label brands in the consumer market has sliced heavily into the market shares of Findus and Birds Eye, the Unilever subsidiary. In prepared foods, which account for about a third of the total market, Findus has a much more encouraging 19.2 per cent share.

## Manufacturers

CARLA RAPAPORT

LIKE PEAS left to boil too long, profits in the frozen food producing industry have gone distinctly soggy.

The reasons for this decline are not unique to frozen foods. Along with a host of other manufacturers, frozen food companies are suffering from the intense price competition caused by too many concerns trying to sell the same kind of products. But unlike the conditions of most other UK industries, growth is not a forgotten word in frozen foods. The development and exploitation of market niches within the sector provide a fair amount of hope for the revival of margins.

These markets—for products providing greater convenience, taste or just relief from plain old peas—are the key to the industry's future. "It is our view that there has been too much broad scale marketing in the past. National brands have emotionally felt the need to appeal to the so-called mass market, to be all things to all people some of the time," says Mr. Mick Coburn, managing director of Findus, the frozen food subsidiary of Nestlé UK.

Findus has been working hard on reducing its exposure to simple products like frozen peas and concentrating on prepared items such as pizzas, frozen ready-to-eat meals and snacks. Even so, the group recorded a loss of £10m last year and earlier this year had to close a plant in Humberside with the loss of 800 full-time jobs and 600 part-time jobs.

The growth in own-label brands in the consumer market has sliced heavily into the market shares of Findus and Birds Eye, the Unilever subsidiary. In prepared foods, which account for about a third of the total market, Findus has a much more encouraging 19.2 per cent share. Backing up this commitment to niche markets Findus opened a £30m plant near Newcastle earlier this year. It will

make French bread, pizzas, beefburgers and extra-crunchy fish fingers in an effort to revitalise the group's profitability and over market share.

Groups such as Findus are now in direct competition with independent producers who supply the large frozen food retailers like Bejam with non-branded, low-cost vegetables. "These independents have picked out the eyes of the branded companies in low-cost production of frozen vegetables," says Mr. David Lang, food analyst for Henderson Crosthwaite in London. "The low-cost operators also do private label for the multiples, another growing market. The brands have simply been taken to the cleaners."

## Stunning

The response of the majors is to invest in plants which make higher value-added products. "You have to do it or get out," says Mr. Lang.

Indeed, industry statistics on what consumers are buying lend support to a thumbs down approach to Birds Eye, volume sales of vegetables, excluding potatoes and potato products, last year were only 0.3 per cent up on 1981 levels.

Potato products and meat products (frozen chips and burgers, for example) jumped 12 per cent last year. Pizzas, although still a tiny slice of the market, showed a stunning 17 per cent advance in volume terms last year.

Birds Eye, still the largest single brand name in the market and for many the synonym for a packet of frozen peas, has been immune from the general troubles in the sector. Following the shut-down of two of its plants earlier this year, London stockbrokers predict that the group will show a £5m loss this year, including some £15m in restructuring costs, despite the division's excellent success with ice-cream during the Caribbean-style summer of 1983 in Britain.

There is an exception to every rule, however, and Ross Foods, a division of Imperial Foods, has been that exception. Of the three major manufacturers only

Ross has been able to boost its market share in recent years. According to Mr. Brian Cookson, the group chairman, Ross has managed to hone down its costs on its high-volume foods.

These efforts, plus innovative packaging and strong sales support, helped to contribute to an impressive 30 per cent leap in profits last year. Ross's profit margins improved from just over 3 per cent in 1981 to nearly 3 per cent last year.

Ross has not neglected new product development, however, and claims to have the most modern pizza factory in Europe. But, its commitment to fish fingers has been underlined by a £2.5m refurbishment of its Grimsby fish production units.

These large companies face a bewildering number of competitors in every pocket of the frozen food market. Government statistics show that no fewer than 26 concerns make fish fingers, for example, while 62 make frozen meat products.

Some of these players have fairly deep pockets. United Biscuits Frozen Foods, less than seven years old, has now been consolidated under the McVitie brand name, instantly rivaling Findus for third place in terms of sales this year. It

## Fridges and freezers

DAVID CHURCHILL

THE CONSUMER boom over the past year, stimulated by the abolition of hire purchase controls and lower mortgage rates, has led to a mini-boom in sales of refrigerators and freezers with the market experiencing the best sales growth since 1977.

According to market research, some 98 per cent of Britain's households have some form of cooled storage equipment. More importantly for the frozen food market, however, are the figures which show that domestic freezer ownership has now reached some 65 per cent of households. Ten years ago, home freezer ownership was just 6 per cent and even at the end of last year it was 62.4 per cent. But the group boom has led to a spurt in sales.

The main market growth has been in sales of fridge/freezers, reflecting the trend away from large chest freezers in recent years towards more manageable combinations for consumers.

In 1982, out of a total market of 250,000 units delivered, some 538,000 were refrigerators, 769,000 were fridge/freezers, and 554,000 stand-alone freezers.

This growth in fridge/freezers is good news for British manufacturers which have tended to concentrate in producing these types. Correspondingly, imports of fridge/freezers have fallen from 78 per cent in 1977 to 37 per cent last year.

However, some 44 per cent of refrigerators (37 per cent in 1977) and 70 per cent of freezers (83 per cent in 1977) still come from abroad—mainly Italy.

According to a recent report from the Mintel market research company, fridge/freezer ownership is highest in the 45 to 54 age group, while the separate freezer is more popular among the 35

## Multiple stores increase share

### Retailers

DAVID CHURCHILL

THE RAPID growth of the frozen food market over the past two years, especially in comparison with only a limited growth in food sales overall, has encouraged most supermarket chains to increase their display space allocated to frozen foods.

Consumers, market research shows, are more likely to buy frozen foods on impulse if they are on display—hence sales in some supermarkets have gone hand in hand with the display space allocated. But supermarkets have also become aware that the explosion in new product ideas in the last couple of years has stimulated consumer awareness and offers the stores much better profit margins than on many other food lines.

The supermarket chains were less enthusiastic about frozen foods in the early 1970s—a reluctance which enabled specialist freezer centres to capture a significant share of the market. But once the supermarkets became serious about frozen foods, then their share of the market increased, while that of freezer centres has shown much smaller growth.

Figures compiled by Audits of Great Britain and released by Ross Foods show that the multiple grocers have steadily boosted their share of the frozen food market over the years—from 45.4 per cent of sales in October 1979 to 50.4 per cent in March this year. Freezer centres are the second largest avenue for distribution, with 23.3 per cent of the market this year compared with 21.1 per cent in October 1979.

The retail co-operative societies have remained almost static over this period—with 10.4 per cent in 1979 and 10.3 per cent earlier this year.

The gains made by the multiples and freezer centres, therefore, came at the expense of the independent grocery groups—whose share fell from 11.7 per cent to 7.4 per cent—and from all other outlets, which experienced a drop from 11.4 per cent to 8.6 per cent.

The effects of such increased concentration in the hands of major multiples is shown by the

decline in the total number of shops stocking frozen foods: at its peak, according to trade sources, it was about 100,000 outlets, but now it has fallen to around 80,000.

Among the major multiples, it is the J. Sainsbury chain which has the largest share of the market. In March this year it had a reported 12.5 per cent share of the market for consumer frozen foods, compared with 8.3 per cent in 1979.

Tesco was ranked the next leading multiple selling frozen foods, with a 9.7 per cent share in March this year, compared with 10.0 per cent in 1979.

Asda had the third largest share, and 4 per cent in 1979. The other multiples had market shares ranging from between 1 and 3 per cent. Further analysis of the figures shows the multiples' share in both the large pack and small pack markets. Small vegetable packs, are those up to 31 ounces in size, while large packs are those over 31 ounces. In broad terms, this reflects consumer purchases for the frozen food compartment of a refrigerator and those products bought for freezer storage.

Sainsbury, according to these figures have 11.3 per cent of the small pack market and 13.7 per cent of large packs. Tesco have 11.4 per cent small, and 8 per cent large, while Asda's figures are 6.1 and 7.6 per cent respectively.

### Sales structure

The Co-op's share is 15.3 per cent in small packs, but only 5.3 per cent in large packs.

Freezer centres, not surprisingly, have a totally different sales structure. Bejam, for example, has only 1.5 per cent of small pack frozen food, but 19.4 per cent of large pack products. Cordon Bleu has 0.8 per cent and 4 per cent respectively.

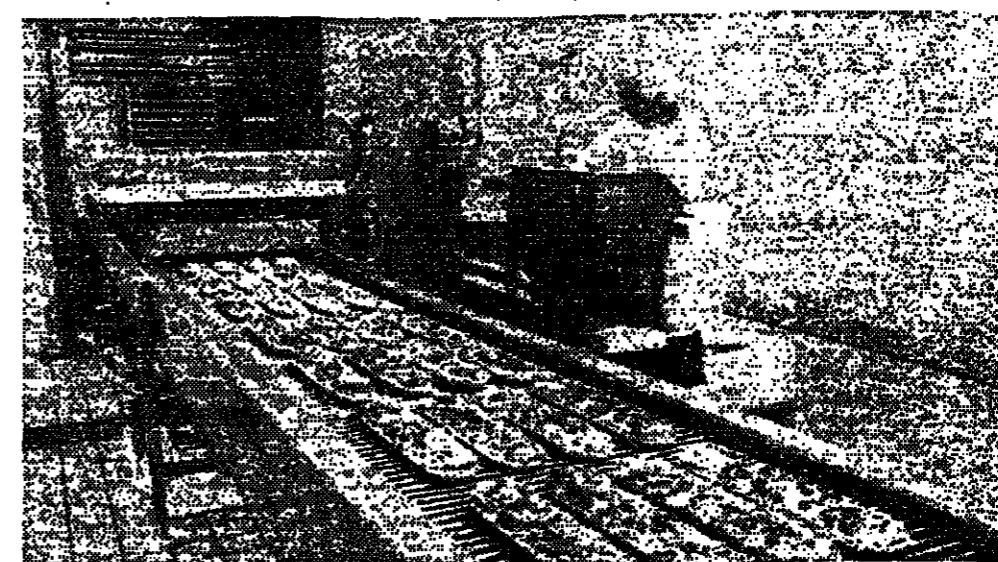
One retailer not identified in the AGB figures was Marks and Spencer, which, although primarily a clothing retailer, has rapidly expanded its food sales in recent years.

Another mainly clothing retailer with ambitions in the food market is British Home Stores, which has recently forged an experimental link with the Bejam freezer centres.

Under the test arrangement, Bejam will sell its own label frozen foods in two BHS branches, while BHS will sell its chilled foods in a couple of Bejam stores.

## FROZEN FOODS II

# Intense competition squeezing margins



Findus's commitment to niche markets was shown by its opening of a £30m plant in Tyne and Wear earlier this year. It makes French bread, pizzas, beefburgers and crunchy fish fingers.

has already scored a big success with its King Harry pizzas, which now have about 15 per cent of the market.

## Healthy

Kraft, the large U.S. cheese-maker, has closed its UK cheese producing plant and is switching its emphasis to frozen foods. It is spending more than a £1m this year to promoting its line of meat products and new Kraft products are now on the way.

An example of success in a niche market has been McCain Foods, the fast-growing group which has capitalised on the consumers' love of chips. It says that last year sales

advanced strongly with profit margins in a "healthy" state.

Nash Foods, of Canterbury, has also found a profitable niche in the frozen food market, especially frozen desserts and meat pies in see-through packaging. The group has already expanded production of these foods in response to growing demand from retailers.

The flexibility of the major manufacturers is also under new challenges from the highly specialised producer.

Sharwoods, the London-based group owned by Ranks Hovis McDougall, has successfully developed its own range of packaged Indian foods and spices.

Earlier this year it introduced a range of Indian-style frozen foods.

Mr. Andrew Summers, managing director of Sharwoods, makes no bones about his marketing intentions. "We see our frozen Indian dishes as both a new business for us and our customers. As an alternative to the Indian restaurant take-away trade it gives the retailer a larger slice of the housewife's food pound," he says.

With this kind of innovative planning, plenty of advertising support and modernised production facilities, more of Britain's frozen food manufacturers may be able to put the crunch back into their margins.

## Sales boom likely to continue

### U.K. FROZEN FOODS EXPENDITURE 1967-82

	£m—current prices	£m—constant prices	£m—constant prices	£m—constant prices	£m—constant prices
	Freezer Non-freezer	Freezer Non-freezer	Freezer Non-freezer	Freezer Non-freezer	Freezer Non-freezer
	owners	owners	owners	owners	owners
	1967	1973	1974	1975	1976
Freezer	101	185	210	245	285
Non-freezer	19.5	245	253	265	270
Total	120.5	430	463	510	555
1977	235	315	355	470	550
1978	290	315	355	470	550
1979	374	346	374	470	550
1980	512	355	374	470	550
1981	622	347	374	470	550
1982	818	334	374	470	550
Source: Birds Eye.					

to 44 age range. The research also shows that the C2 social classification consumers are the main buyers of fridge/freezers, while chest freezers are more popular with C1s. The A2 executive and professional classification consumers tend to favour chest freezers and uprights equally. Lancashire has the highest level of fridge/freezer ownership although there is a relatively high rate of purchase of appliances in Wales, the West and South-West.

Mintel predicts that the market is likely to continue to grow steadily for a number of reasons. First, those consumers who bought freezers in the 1970s will soon need to replace them with more modern equipment. Second, the rate of household formation is increasing, bringing in the new buyers who will often look for equipment that takes up little floor space to meet the trend towards smaller dwellings.

### SOURCE OF PURCHASE

	Oct 1979	Oct 1980	Sept 1981	Dec 1982	March 1983
	%	%	%	%	%
Multiples	45.4	47.0	48.5	50.8	50.4
Co-ops	10.4	10.2	10.4	10.4	10.3
Independents	11.7	9.8	8.5	7.3	7.4
Freezer centres	21.1	21.1	22.9	23.3	23.3
Oil others	11.4	11.9	9.7	8.2	8.6
100.0	100.0	100.0	100.0	100.0	100.0
Source: AGB.					

Bejam remains the largest freezer centre in a retail group, which makes it second only to Sainsbury and just ahead of maturity. This is borne out by the small absolute growth in freezer centres—there are about 1,000—although there has been some growth in market share.

Bejam now has almost 200 freezer centres in the UK, compared with some 170 a couple of years ago. Bejam started in the late 1960s and developed rapidly over the next decade.

Bejam's rapid success is found a market niche unexploited at that time by the supermarkets—eventually led to a stock market quotation in 1973.

Bejam, according to the AGB

figures, has some 10.5 per cent of the frozen food market, which makes it second only to Sainsbury and just ahead of maturity. This is borne out by the small absolute growth in freezer centres—there are about 1,000—although there has been some growth in market share.

Apart from the co-ops, the second largest freezer centre chain is Cordon Bleu. Owned by the Argyls Foods Group, it has about 130 stores. Iceland Frozen Foods plans to have about 80 freezer centres by the end of this year.

The distribution pattern in frozen foods remains clear, however, with the multiple supermarket groups and specialist freezer centres continuing to squeeze out the small grocery shops and capture an ever-increasing slice of a growing market.

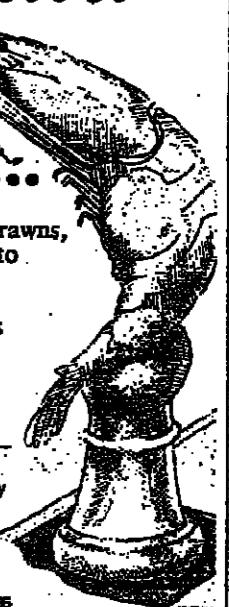
## Dan-Maid

...a prawn in your game...

If your strategy is based around prawns, or speciality seafoods make a move to Flying Goose Ltd., Britain's largest independent seafoods specialist. Our own fully automated factory handles the cooking, freezing and packing of Prawns, enabling us to offer the right product at the right price, with own label facilities if required.

Dan-Maid is the principal brand owned by Flying Goose Ltd.

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## FROZEN FOODS III

# New products the key to the market

NEW PRODUCT development is the key to the frozen food markets of the 1980s. While the growth of the overall frozen food market in post-war Britain was caused primarily by demand for frozen vegetables it is now the newer convenience products that provide the best financial returns.

Thus the major companies that have dominated the industry for so long face an uncertain future as sales of commodity items such as vegetables—in which they have considerable investment—remain static and subject to fierce price competition. At the same time, the development of integrated distribution makes it much easier for smaller companies to break into the market with specially frozen products aimed at particular market niches.

## Impetus

Yet this has not stopped the big three producers—Birds Eye, Ross, and Findus—from becoming major innovators as they realise that added value is the key to long-term profitability.

The impetus shown by the big producers was reflected earlier this year in the annual poll taken among the grocery trade by the magazine Super-marketing to find the best new products of the year. Frozen food companies took an unprecedented seven out of the top 20 new products, and Birds Eye alone had four of them—again a record in the history of the poll.

Birds Eye filled the top two slots with its "Oven Crispy" cod steaks and "Steakhouse" grills. Wall's, which has now merged its operations with Birds Eye, took fourth place with "Viennetta". McCain's big oven-ready chins came seventh, with Birds Eye's Chicken Supreme 12th. Findus cod steaks came 13th and

## TOP SIX FROZEN FOOD PRODUCTS (launched 1977-82)

Product	Volume Shipment (000 tons)	(£m)
Oven chips	40	29
Sausages	23	34
Pizza	19	47
Potato products	21	23
Grillsteaks	8	25
Fish dishes	6	15

During the past six years in the frozen food market only these product groups have achieved sales in excess of 2,000 tons pa.

## Innovation

DAVID CHURCHILL

Maribers Norfolk Farms "Crispy crumb turkey steaks" 18th.

Inevitably it is the big companies that tend to do well in polls such as these, but there is no doubt that many smaller brands launched by the 300 or so mainly small frozen food producers are achieving similar levels of popularity among grocery trade buyers and consumers alike.

As Mr Alf Carr, secretary general of the British Frozen Food Federation, points out: "The phenomenal growth rate for frozen foods during the recession has been achieved by the advent of innovative frozen products researched, developed and marketed by our members."

Birds Eye's success in the Supermarketing poll—the best ever corporate performance in the poll's 12-year history—was due to two main reasons, according to Mr Keith Jacobs, marketing director. "Firstly, market research to track consumer trends and related product opportunities. Secondly, an integrated working system for development, involving focused groups of marketing and technical staff," he says.

Market research, for example, has shown developments such as the fragmentation of family eating occasions, the developing trends of freezer ownership, size and usage, and the needs of working women. Birds Eye's research also looks at the use of home and kitchen equipment, pinpointing the trend away from frying to the greater use of the grill and the oven.

"Once product development is under way we spend a great deal of market research to make sure that not only the product itself but the consumer positioning and advertising are right on the button," says Mr Jacobs.

Birds Eye's new product successes have not been without some problems, however. This autumn it has re-launched its ready-prepared meals under the collective name of "Menu Master" instead of marketing them under individual ranges such as "Best of British" or "China Dragon". The aim of this re-positioning—backed by a £2.5m advertising campaign—is to keep a strong brand image

in supermarkets' freezer cabinets.

New product development also involves ensuring that product quality remains high, since one of the surest ways of killing a good new product is poor quality. Ross, in particular, has paid great attention to this aspect of its new product programme and this has been recognised by its winning for the past two years a food industry quality award.

Ross products have come first and second for both years in these awards in competition with more than 70 other products. Its winners were "Golden Oven Cod Fillets" and "Jacket Scallops."

Ross's success has been helped by a £15m investment over the past five years in modern production plant, including the development of Europe's most modern pizza factory.

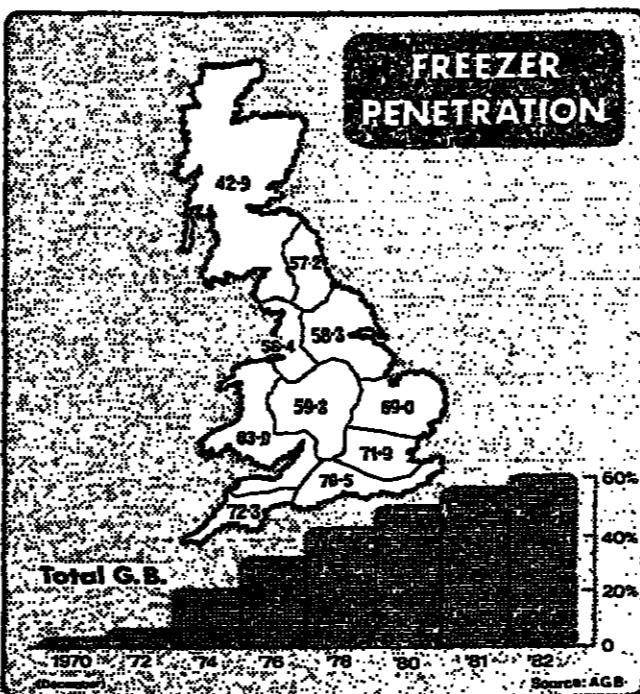
It is not only the large concerns that have won awards for new product development. Frozen Quality, a company set up in 1969 to market the output of several farming groups, has just won the Sir James Barker Trophy for agricultural marketing. It is the first time this award has been won by a frozen food company.

Among Frozen Quality's successes was the development of stir-fry vegetables. It now supplies many of the major retailers including Marks and Spencer, with own-label products.

THE GROWTH of the frozen food industry over the past decade has proceeded in step with the development of cold storage and distribution systems. As the market has increased in sheer volume so distribution has had to keep up through the greater use of computers and other high-efficiency techniques.

Indeed, cold distribution systems now in use are almost unrecognisable from the methods used a decade ago so great has been the progress in this field.

Computers have been introduced into the distribution system in various ways. The most obvious has been in computerised stock control systems to co-ordinate goods handling and to enable one vehicle to



Fragmentation in the industry has led to the rapid growth of specialist distribution. Above, a Frigoscandia lorry unloads

Sales have dropped 4% in the last year

# Fall in discretionary spending hits hard

THE CATERING market is proving more difficult for the manufacturers of frozen food—in sharp contrast to the still buoyant retail sales picture.

Findus announced in July that it was closing its catering activities in order to concentrate on prepared frozen foods for the retail market. Other companies have re-structured activities in an industry which has always been highly competitive.

The recession has hit the industry disproportionately hard because of its dependence on discretionary spending. Less is likely to be spent on eating out at a time of general belt-tightening. Unemployment, and public expenditure cuts have also played an important part, too.

## Redundancies

Industrial catering, for example, has been affected by redundancies, while institutions such as hospitals and schools have also had to economise. The net effect has been a fall in sales of 4 per cent over the last year to £228m in the catering sector. Overall sales to consumers rose 15 per cent to £1,152m.

There has, however, been growth in some areas of cater-

## Catering

LISA WOOD

ing which are important users of frozen foods. Pubs, for instance, have devoted extra effort to providing bar meals to counteract a fall in beer sales, while fast food outlets have continued to grow in numbers despite the recession. Both these are major users, or are forecast to show strong growth in consumption of frozen foods.

The industry has two main market sectors: the cost, or non-commercial, sector and the profit, or commercial, sector.

Hospitals, schools and industrial catering falls within the first category and here growth is expected to continue to be limited, even when there are former signs of an end to recession. Within the sector—which accounts for one quarter of expenditure and one third of volume of consumption of frozen foods in the catering industry—some areas of stronger growth do exist. These include, for example, cash cafeterias in schools.

The commercial sector of the market—static for the last few years with the exception of fast

food outlets—is by contrast expected to show long term growth.

Suppliers to this section of the market point to the long term trend for more people to eat out, as has happened in the U.S. This sector accounts for three quarters of expenditure on frozen foods in the catering industry and two thirds by volume.

Suppliers point out that while most chefs in restaurants prefer to deal in fresh foods, many rely on frozen foods as ingredients, entrées or sweets.

The challenge, the suppliers realise, is to provide these caterers with the quality of ingredients they want and to give them ideas for food presentation.

## Prepared food

Findus, for example, is concentrating its efforts now on developing this added value prepared frozen food. It previously supplied the catering industry indirectly through the wholesale trade.

Frozen chips and frozen peas, major foods by volume in the catering industry will not, however, be ignored. Here, there is evidence of increased demand from consumers for improved quality, with less emphasis on price.

# Specialist companies enjoying rapid growth

## Distribution

DAVID CHURCHILL

make the "drops" to retailers by improved scheduling.

A typical cold store with computerised stock control will have mobile racking and planned stock rotation. It will be able to pick the order in which stocks should be removed so that they are loaded into refrigerated vans in the right sequence.

Tempeco International, for example, uses direct transmission from customers' computers to terminals at Tempeco locations by means of telephone links. Tempeco also uses facsimile transmissions and telex and offers telephone sales direct

to retail outlets on behalf of clients.

Frozen food producers are like other food manufacturers in using both their own distribution systems and specialist distribution companies.

In-house distribution has advantages, not least in the total control it gives. But there are also heavy overheads to be carried.

Moreover, the fragmentation of the frozen food industry—with many small companies—has led to the rapid growth of specialist distribution.

One of the major operators is Christian Salvesen (Food Services) which has over 34 cold stores and eight transport depots around the country. Most cold stores are used by a variety of customers, but some

are operated for individual clients only. Transport is by means of a fleet of over 400 temperature-controlled vehicles.

The company offers manufacturers a comprehensive service, including the collection of goods from the factory, temperature-controlled storage, order picking, and nationwide delivery.

## Breakthrough

Frigoscandia, part of the AGA group, is similar to Salvesen in offering a range of services rather than an "off-the-shelf" distribution system. It operates six public cold stores, with a total capacity of 26.5m cu ft, in prime locations for collecting temperature-controlled foods and delivering

them in major centres of population.

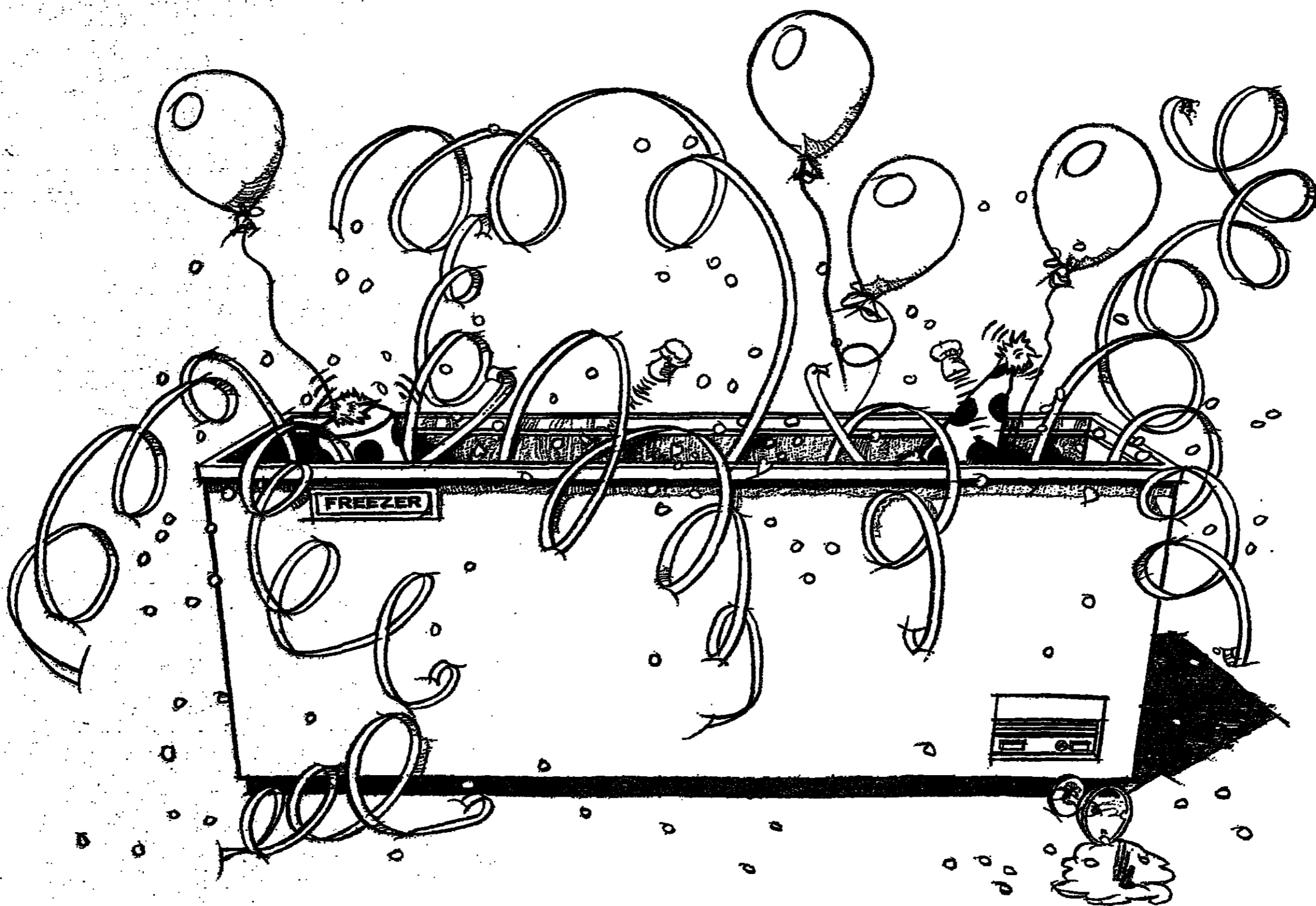
Wincanton, part of the Unigate group, offers distribution by what it calls the "chilled chain" service. This provides for the collection of a single pallet—or a full-load delivery to a customer's destination using a triangle of depots located so that they permit delivery to most parts of Britain within 24 hours.

A growing trend is the use of shared transport. Tempeco, for example, with 16m cu ft of storage space in the UK, provides a scheduled High Street distribution on a share-service basis. Salvesen, like Tempeco, also offers a shared service to any size of company irrespective of whether it is a retailer,

a manufacturer, or a supplier.

It is clear that the distribution sector is responding to greater pressure from retailers. This, together with more careful stock control by manufacturers, means that the whole distribution chain is becoming more rapidly responsive to consumer demand.

Innovation is increasingly important. One company has developed a trailer which can carry chilled products in one direction and dry goods in the other. This development represents something of a design breakthrough in transporting both chilled and dry goods in the same vehicles, and is proving especially useful for deliveries to and from the Continent.



If you were the only major frozen food company to be gaining brand share\* you'd be celebrating too.

**R**  
ROSS

\*Source: Independent Audit y/e Aug 1983 vs y/e Aug 1982.

## FROZEN FOODS IV

David Churchill examines the fortunes of the five major sectors

## Meat products

MEAT PRODUCTS were among the slow starters in the frozen food market growth of the 1970s, but are making up for it now. Over the past two years, volume sales of meat products grew by 14 per cent in 1981 and 25 per cent last year.

This year, sales are already some 11 per cent up in volume terms, compared with an overall market growth of about 4 per cent.

The increase in sales of frozen meat products is perhaps surprising, since fresh meat is widely available. One view is that the unwillingness of butchers to over-stock fresh meat, especially towards the end of the week, causes shortages and thus compels consumers to buy frozen products.

The biggest-selling meat product is frozen chicken, but it is among the red meat products that most added value growth has been achieved. Beefburgers are by far the largest single sector, being helped by the increasing promotion of fast foods.

Significant growth has also been achieved in grill steaks



Steakhouse grills came second in a poll among the grocery trade by the magazine Supermarket to find the best new products of the year. Birds Eye's Oven Crispies came top.

which fit in between beefburgers and traditional fresh steak. They appeal to consumers because they are bigger and better than the usual burger but cheaper and more

grown 22 per cent in volume over the past year. Such expansion is due to ever-increasing home freezer ownership, more retail space for meat products, and what the British Nutrition Foundation described last year as "the trend towards less organised family meals."

New product development is now especially active. The Wall's Meat Company, for example, this month introduced frozen bacon steaks in either a parsley or a mushroom sauce. Although it is on test only in the Yorkshire Television area at present Wall's is confident of this product's long-term success. It is backing the launch with an advertising expenditure of some £1.75m (at the equivalent national rate).

"We've shown what can be achieved in sales of frozen meat products with our range of frozen sausages and pies over the past two years," says Mr Ian Melrose, Wall's marketing and sales director. Mr Melrose has become a well-known face through presenting many of his company's commercials himself on TV.

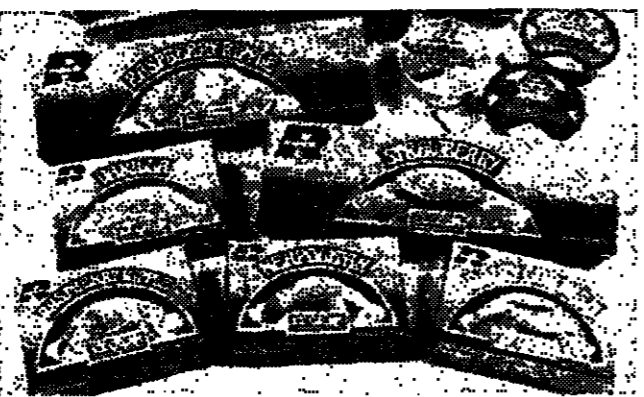
## Ice cream

THE LONG HOT summer was exactly what the ice cream industry needed to boost sales, although trade figures for 1982 showed that even without sunshine ice cream sales could be increased through product development.

Ice cream sales in 1982 were worth some £385m—compared with £360m in 1981—while volume sales increased by 3.5 per cent to reach 292m litres. This was the biggest ice cream consumption for four years.

The UK market for ice cream covers three sectors: confectionery such as traditional cones, wafers, choc ices and ice lollies; grocery items, including bulk packs; and a broad range of products for use by caterers and fast-food operators in the leisure market.

The traditional ice cream has been hit by the decline in the number of small outlets which have sold the bulk of small "hand-held" products. The number of confectioners, tobacconists, and newsagents selling ice



Part of the Ross range

cream fell from 35,000 at the beginning of the 1970s to 30,000 last year and is forecast to slip to 28,000 by the mid 1980s. Sales through supermarkets and freezer centres, however, have continued to grow rapidly. Last year these sales totalled £113m and represented nearly

ducts as a whole. Consumers have benefited from small rises in products as a whole. Consumers have benefited from small rises in ice cream prices over the past decade, and although the overall inflation has gone up fourfold over the past ten years ice cream prices have only doubled.

To avoid depending on warm weather to boost sales, the manufacturers have concentrated in recent years on premium products bought as a dessert or snack. Wall's "Vienetta" is an example of such an "all weather" product. It proved such a big hit when launched last year that it has even outsold some vanilla brands.

But Mr Neil Ashley, Wall's general marketing manager, warns the trade against over-confidence. "We may have seen the ice cream market recover a little last year, but basically it remains in recession along with so many other industries at the moment," he says.

## Fish

FROZEN FISH sales this year have remained almost static after two years of relatively healthy growth in this major sector of the market.

Volume sales in 1981 were some 12 per cent higher than in 1980, while last year the growth rate was at least 9 per cent in volume terms. Growth occurred in all product areas last year with the exception of natural steaks, which declined by about 5 per cent in volume terms.

The main reason for increased fish sales in recent years has been energetic new product development and marketing as well as a price advantage over other protein foods.

## Upmarket

The frozen fish market covers broadly into two sectors: up-market, added-value products; and the basic commodity sales where price is all-important. The major brands have about 46 per cent of sales, with over-label fish products accounting for some 31.5 per cent. The balance is with smaller branded fish products.

At the lower end of the market price competition centres on fish fingers, with most of the major supermarket chains selling on their own-label fish fingers as less leaders. The main problem for producers and retailers in these highly competitive areas is in maintaining continuity and quality of supply at the right price in an often volatile market.

In the up-market, added-value sector the major breakthrough has come from the development of production methods enabling fish to be cooked in the oven instead of fried.

Young's, which has been making fish products for over 175 years, is well-known for its specialist items. Among its current range are prawns, scallops, and smoked fish. It also makes lobster and brand pate, salmon with capers and soups such as lobster bisque and cream of scampi.

In spite of the market size, however, there are many consumers who have never tried frozen fish. Two-thirds of consumers in a recent survey had never bought battered fish or fish in bread-crumbs. This suggests that there is wide scope for further expansion if prices remain steady and good quality new products continue to be developed.

## Cakes and desserts

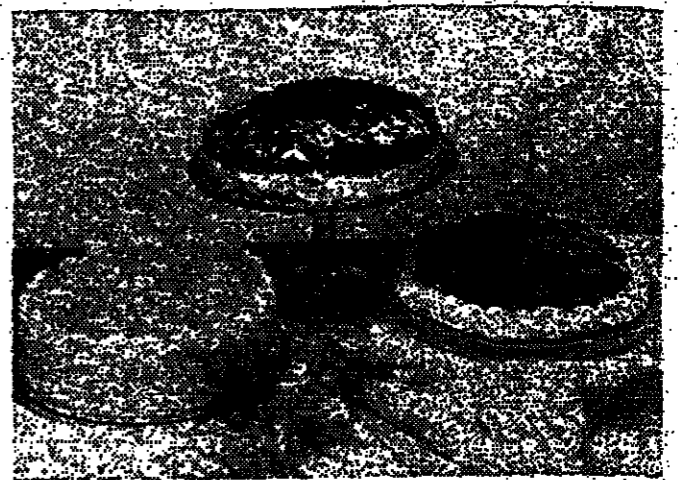
FROZEN CAKES and desserts have shown a dramatic sales growth over the past decade—from £17m in value terms in 1972 to £105m last year. Total volume has more than doubled since 1972 as a result of continuous innovation backed by sustained advertising.

Growth so far this year is running at about 8 per cent by volume, about twice the average growth rate for frozen foods.

The thickest slice of the market is in cakes. Although the overall cake market has shown some decline, sales of frozen cakes have risen by an average of 20 per cent a year for the past three years.

This market is divided into three fairly equal slices: sponges, gateaux, and individual cakes. The market is highly fragmented, with many specialist manufacturers making similar products. They include Birds Eye, Sara Lee, Heinz, Marks and Spencer, Sainsbury, Lyons, Fleur de Lys, Marietta, and a host of smaller brands. Birds Eye claims overall leadership, with some 27 per cent of the market.

Birds Eye dairy cream sponge alone has 13 per cent of the total frozen cake market and outsells the entire range of every other brand. This product was first introduced in 1959 (at a retail price of 1s 6d) and 24 years later is still selling at a rate



Frozen cake sales have risen 20 per cent a year in the last three years. Above, three recent additions to the Ross range

of over 8m sponges a year. The frozen dessert market is highly fragmented. It includes chilled products such as yogurts, mousses, traditional tub desserts, and ice cream rolls or cakes. Mousse is by far the biggest seller within the desserts market.

Traditional tub desserts, after showing some decline in the late 1970s, are now growing again. They include such products as individual trifles, melbas, tub cheesecake, and puddings.

Sales of ice cream rolls—for example, Birds Eye's "Arctic" range—have grown over the past year with the aid of heavy advertising. Birds Eye has also launched an extra-long Arctic roll and has encouraged consumers to eat it as a snack.

The frozen pastry market has also begun to expand again after a flat period in the 1970s. It has been helped by innovations such as puff pastry sheets which are ready to cook in 10 minutes.

## Vegetables

VEGETABLES are by far the largest single frozen food product group in volume terms, but not by value. Although treated very much as a commodity line by some sectors of the industry, frozen vegetable sales have increased sharply over the past two years—by 19 per cent in volume in 1981 and 18 per cent last year.

However, the poor weather earlier this year has hampered growth. Both the pea and potato crops were affected by poor weather conditions and both crops fell significantly short of the anticipated harvest levels.

Peas, which account for more than 50 per cent of the UK frozen green vegetable market, were down on yield targets by about 10 per cent. This will almost certainly lead to the first rise in vegetable prices for more than 12 months.

At the same time, the sharp escalation of potato prices will



Potato chips have been one of the main success stories of the vegetable market since McCain's introduction of oven-ready chips

Vegetables have been one of the main success stories of the vegetable market in recent years following the innovation by McCain in producing oven chips—baked rather than fried. Earlier this year McCain's also launched a further development by introducing long thin oven-ready fries—similar to those sold in fast food chains—under the name "Stringfellow's".

According to the just published Scottfres review of the market, peas and chips together account for some 65 per cent of the frozen vegetable market. It points out that within the remaining sectors mixed vegetables, ranging from stew packs to ratatouille, are also showing significant growth.

Mixed vegetable packs now account for some 6 per cent of total vegetable volume, while others have a 11 per cent volume share.

## The cold facts of transport.



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## A brainstorm in Brussels

THE European Commission's attempt to revise the method of calculating net national contributions to the Community budget has aggravated the controversy over this long-contentious issue. Mr Christopher Tugendhat, one of the (British) members of the Commission, has gone so far as to accuse his colleagues of "trickery and of cooking the books". But the real question is not about the intellectual respectability of the Commission's new arguments, but whether it is guilty of serious political failings.

That there is some element of intellectual appeal in the Commission's latest calculations cannot be utterly denied. The basis of the British Government's complaint is, as it has always been, that financial transfers from the UK to the Community budget are much larger than receipts by the UK from the Community budget.

The basis of the new Commission argument is that the benefits of budgetary spending on Community policies are not confined to the disbursements of cash in one country or another: the farmers in all member states benefit from high and stable prices, and they all contribute to structural surpluses, even if these surpluses appear to be concentrated in only a few countries. It is only right, so the argument goes, that the imputed costs of the farm policy should be spread more fairly throughout the Community.

## Complications

What gives this argument a certain logical symmetry, is the Commission's parallel proposal that in a reform of the Community finance, part of the costs of the farm policy should be borne in varying degrees by member states in proportion to their agricultural output.

Unfortunately, the new line of reasoning is more specious than persuasive, for it leads directly into a limitless tangle of complications which could never be satisfactorily resolved. The computational complexity of the proposals is such that the narrow measure of costs and benefits, and even it is open to dispute: should export subsidies on farm trade within the Community be treated as receipts by the exporter or by the im-

porter? But at least the narrow calculation gives a readily identifiable basis for negotiation.

## Diffuse notions

Once one broadens the debate to more diffuse notions of costs and benefits, it must by definition become uncontrollable. Once one considers the general advantages of the farm policy, one must also consider its equally general disadvantages: British farmers benefit, but British consumers and taxpayers suffer, from high prices.

Whatever may be the intellectual rationalisation of the Commission's new calculations, it is clear that its purpose and its effect are to reduce, by a very large margin, the amount of Britain's excess net contribution to the Community budget. Perhaps M. Gaston Thorn, the Commission President, has deluded himself into thinking that it would reduce the problem to negotiable dimensions; it can only make the negotiations more difficult.

For five years the Community has been debating the British problem on the narrow basis of budgetary transfers. To start a new intellectual argument now, less than a month before the Athens summit, can only set the negotiations back.

Moreover, the tactic could be seen as a backfire. If the Commission seeks to change the basis of negotiation, so say the UK. Until now the British Government has accepted that it should, on political grounds, be a modest net contributor; but if the new criteria were accepted, the UK could refuse to make any net contribution at all, and might thus, for the first time, start to insist on that principle of just return of which the Community has long been rightly apprehensive.

It is too late to re-write the rules. If M. Thorn and the other member states were to persist in the attempt, they could do themselves and the Community the gravest possible disservice.

## Monopoly in air transport

THE ROAD to privatisation is strewn with unexpected hurdles. No one is more aware of that than the Financial Secretary to the Treasury, Mr John Moore. Last week Mr Moore spoke in an important speech on privatisation, to emphasise that the sale of public sector assets should march hand in hand with increased competition. Within days Sir Adam Thomson of British Caledonian Airways undid what he said by suggesting that the government might care to demonstrate its commitment to competition by changing the allocation of airline routes between British Airways, one of the biggest privatisation candidates, and the other independent airlines.

Sir Adam's challenge is both opposite and embarrassing for the government. For a start it underlines the existence of a potential conflict between the twin objectives of liberalisation and privatisation. The conflict is particularly striking in the case of both airlines and the British Airways Authority. But it is by no means confined to them alone.

At a more fundamental level the campaign launched by British Caledonian raises questions about the whole shape of aviation policy in the 1980s. And those questions will not be easily resolved in the space of the next 12 months, which casts a further cloud over the prospect. This must be singularly galling for the management of British Airways, which has painfully wanted to go private as quickly as possible.

## Subsidised

As far as British Caledonian is concerned the privatisation of British Airways in its present form would lead to the creation of a powerful private sector monopoly—a monopoly, moreover, which has been heavily subsidised by the taxpayer in order to reduce its debt burden before the sell-off. It therefore proposes that British Caledonian should pay for certain British Airways routes and operate them all from Gatwick while other services, including British Airways' regional operations, should be transferred to those independents wishing to take them on.

No doubt British Airways can attack specific details in the proposal. But it will be harder

to deal with the suggestion that a subsidy for British Airways calls for a quid pro quo for the independents, or indeed to counter the argument that the sale of public sector assets should march hand in hand with increased competition. Within days Sir Adam Thomson of British Caledonian Airways undid what he said by suggesting that the government might care to demonstrate its commitment to competition by changing the allocation of airline routes between British Airways, one of the biggest privatisation candidates, and the other independent airlines.

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A CHANGE of leadership in the Kremlin always raises hopes and fears of fundamental change in the Soviet Union, and the emergence of Yuri Andropov one year ago was no exception.

But, as an assessment of his first year's performance underlines, it is not easy for a leader to imprint his personal stamp on the vastness of Russia—and certainly not in a hurry.

All the indications are that Mr Andropov came to power determined to tackle vigorously the Soviet Union's deep-seated domestic economic and social problems. But the head of state built up during his early months in office seems to have been dissipated—partly by the sheer weight of bureaucratic inertia in the Soviet Union, partly by foreign policy preoccupations and, perhaps, above all, because of sheer ill-health.

Mr Andropov has not been seen in public since mid-August and even missed this week's annual Red Square military march past—a remarkable break with tradition which has intensified concern about his health.

It is all a far cry from this time last year when Mr Andropov impressed foreign dignitaries at Mr Brezhnev's funeral and gave the impression of an intellectually sharp and politically sophisticated man in a hurry. The start was faultless. Careful prior manoeuvring on his part led to the smoothest transition of power in Soviet history—and not the protracted power struggle which had been widely predicted.

At the June session of the Supreme Soviet, a mere seven months later, Mr Andropov acquired the "triple crown" by adding the State presidency to his other titles as party boss and head of the Defence Com-

## Forced to take a line of lesser resistance

mission. It took Mr Brezhnev 13 years to accomplish this.

But symbols of power are not necessarily the same as the realities. Unlike democracies, where newly elected leaders bring a team of like-minded ministers and advisers with them, a new Soviet chief inherits his predecessor's team in its entirety.

This ensures caution and continuity until the new leader is able to wrinkle out his potential opponents and put in his own, trusted supporters. Only then does he have real power of manoeuvre, and even then he has to take into account the views and wishes of powerful lobbies.

That said, the emergence of Mr Andropov marked several significant new departures. In the first place he was the oldest man ever to become leader. As



Mr Andropov has not been seen in public since mid-August and even missed this week's annual Red Square military march past—a remarkable break with tradition which has intensified concern about his health.

such he is the Soviet Union's first obviously infirm chief.

Second, he did not come to power through the party apparatus, the traditional stepping stone to power but through the support of three of the most powerful Soviet lobbies—the KGB security apparatus, the military industrial complex and the foreign policy establishment.

His "grand electors" were Dmitri Ustinov, Minister of Defence, and Andrei Gromyko, Minister of Foreign Affairs.

The unorthodox nature of Mr Andropov's power base, the unprecedented promotion of a former secret policeman to head of the Soviet State and the Communist Party and above all, the limited time at his disposal are all key factors which must be taken into account in any assessment of his performance over the first year, be it in the fields of domestic politics, economics, or foreign affairs.

As regards domestic politics, the hallmark of Mr Andropov's policy has been more of the same—a renewed crackdown on political and artistic dissidence, tighter restrictions on Jewish and other emigration and a tough campaign against crime, corruption, drunkenness and labour indiscipline.

Wags have called this the "Andropovschina," play on words recalling the "Khrushchevka" rule of terror imposed by Ivan the Terrible.

Unable, so far, to introduce new blood at a politburo level, Mr Andropov has taken a line of lesser resistance and concentrated on weeding out the most obviously corrupt and inefficient Brezhnev placemen in the un-

wieldy Government structure. At the same time, however, he has not been able to replace President's name or made him a "non-person," a fate which befell other Soviet leaders like Trotsky, Bukharin, Stalin and Khrushchev.

Within the party apparatus itself, he has managed to replace 9 out of 23 central committee secretaries—keys to eventual control. He has also retained his own security power base by appointing Victor Chebrikov as new KGB boss and promoting KGB professional Vitali Fedorchuk as the new Minister of the Interior.

Economically, Mr Andropov inherited a legacy of declining productivity, sharply higher costs for energy and raw materials located in distant Siberia, and deep-rooted agricultural problems. This contrasts sharply with the 1970s when the Soviet Union benefited both from higher world energy prices and the economic fruits of détente.

As former head of the KGB, and privy to the unofficial public opinion sampling provided by an army of secret policemen, Mr Andropov knows better than most that food shortages, shoddy goods, poor service, waste and corruption are potent sources of domestic discontent.

But persuading the Soviet man in the street that he should change his mentality from one of "they pretend to pay me, so I pretend to work" to enthusiasm for society's higher productivity and discipline is no easy task.

Mr Andropov's first move was to cash in on his policeman

image and shock workers out of their sloughful ways by highly publicised police raids on bars and sauna baths and by a campaign to shame slackers and drunkards in their workplace.

He then singled out major bottlenecks in the economy—like transport, distribution and energy. He sacked Ministers holding key portfolios, like the Minister of Railways, appointed younger, more professional men in their place and set up a new Central Committee secretariat with overall responsibility for economic co-ordination.

All this reflected his belief that the Soviet economy was, and is, capable of substantially higher and better quality output from existing facilities, given better management, tighter labour discipline and removal of the most obvious technical bottlenecks. The 4.1 per cent rise in industrial production over the first nine months of this year, compared with only 2.8 per cent in 1982, provides a limited vindication of this view.

At the same time, he has moved cautiously to set in train deeper economic reforms by authorising five important industrial ministries to embark on a controlled experiment, starting in January, under which managers will be given greater responsibility. If successful, the experiment will be extended.

But historical precedents for such piecemeal tinkering do not provide grounds for great optimism. No serious attempt has been made to reform the pricing system, or the central planning bureaucracy. New

labour legislation intended to promote greater worker participation retains close party control over worker delegates while management is obliged merely to "consult and inform" them twice yearly.

Unions remain essentially "transmission belts of the party" dedicated to raising productivity and ensuring labour docility by their power to allocate flats, holidays and other benefits to the diligent and obedient.

Mr Andropov's desire to see improved inter-Comcon co-operation and integration and less foreign technology dependence has also come to little. At the apparently fractious Comcon Prime Ministerial meeting in East Berlin recently, Soviet demands for higher quality products from its partners were matched by equally insistent demands for fuel and high quality raw material inputs from the Soviet Union.

In the foreign policy fields, Mr Andropov's most notable move has been a series of arms control initiatives. These have spearheaded a campaign to convince public opinion in the West that the Soviet Union is flexible and peace-loving, thus trying to head off the impending deployment of cruise and Pershing II missiles.

It amounts to what General Edward Rowney, head of the U.S. delegation at the strategic arms (Start) talks in Geneva summed up as "trial by Yuri". But the Soviet barrage has cut little ice with West European opinion. The West German and British elections returned conservative governments strongly committed to the Nato

decision to deploy cruise and Pershing, falling acceptable concessions from Moscow on the deployment of SS-20 missiles.

Faced by Nato solidarity, Moscow has announced plans to deploy new short and medium range nuclear missiles on Czech and East German soil. But there are growing signs that this is creating political unease in its own backyard, swelling the ranks of unofficial peace movements.

Moscow's attachment to the SS-20 has also complicated its relations with Asia: both Japan and China have protested over the missiles deployed against them.

Mr Andropov indicated at the start of his rule that he wanted to look at ways of improving relations with China and solving the question of Afghanistan. But Moscow has not come up with the sort of concessions needed to permit even a partial withdrawal of Soviet troops from Afghanistan or a real improvement in relations with China.

Unable or unwilling to offer concessions in these key areas, possibly because of opposition from the military-industrial lobby, Mr Andropov's only high risk venture in foreign affairs has been the dispatch of new Soviet missiles and 5,000 Soviet troops to man them in Syria.

Despite this caution, and Mr Andropov's early signal of a desire for "good, even friendly" relations with the United States, relations with America have plummeted to new lows of suspicion, and even an exchange of personal abuse between the two leaders.

These strains have been underlined by the two recent dramatic shoot-downs by the Soviet Union of the Korean Jumbo jet, and the U.S. intervention in Grenada.

The Korean aircraft disaster and its aftermath stirred speculation about who was really in

## Foreign crises intensify the strains

control in the Kremlin, and whether the military had increased their power at Mr Andropov's expense.

Mr Andropov's non-appearance on Red Square this week prompts another question: Is the ailing leader politically and physically strong enough to push through the kind of compromise which is required if progress is to be made in both the intermediate range nuclear force (INF) and strategic arms reduction talks in Geneva.

The answer to this, the most crucial question affecting East-West relations will only become clear when President Reagan unveils his latest proposals for an INF compromise and Moscow gives its response.

Anthony Robinson, the FT's Moscow Correspondent, was expelled from the Soviet Union last April and is now based in London.

## ANDROPOV IN THE KREMLIN

## The dashing of high hopes

By Anthony Robinson



Mr Andropov has not been seen in public since mid-August and even missed this week's annual Red Square military march past—a remarkable break with tradition which has intensified concern about his health.

## Men &amp; Matters

## Trade terms

With only 37 shopping days to Christmas Britain's retailers are already beginning to feel the pinch. The omens point to a "bumper Christmas spending spree," as the PR men will doubtless be telling us.

However, amidst all this incipient glee, the retailers' main trade association—the Retail Consortium—is less certain that it should be about its future role.

The Consortium, which is the umbrella body for various retail trade groups and claims to represent over 90 per cent of Britain's retailers, has been without a man at the helm since early summer when its director, general, Bob Lloyd-Jones, resigned over a policy row about the way in which the Consortium should develop.

Since then another senior official, Heather Spencer, has also decided to leave her post as executive officer.

Lloyd-Jones had only been with the Consortium for two years after a term with the British Textile Employers'

Association as director general. But his spell at the Consortium was dogged by the difficulties retailers have been experiencing from the economic recession, and uncertainty whether or not the Consortium should spread its wings to become a mini-CBI for its industry.

Some large retailers are thought to have wanted a more direct say in the Consortium rather than having to make their points through membership of an affiliated trade body.

For the last six months the Consortium's affairs have been run by its part-time chairman, Colin Patterson who is also deputy chairman of British Home Stores. Patterson makes clear that the Consortium has not been looking for a successor while an internal review of its structure has been taking place. But I understand that a new director general will be headhunted shortly.

## Double talk

Language is always a barrier to communication between Japan and the outside world. But, nevertheless, there are times when harassed Japanese officials who are doing their best to defend the government's trade policies might wish the barrier was even higher.

Take the fun and games this week when a department chief at the Ministry of International Trade and Industry was briefing foreign journalists on his Ministry's latest attempt to get other government agencies to use more foreign-built computers.

In answer to the question by a Western journalist, "How many foreign computers are actually in use today within Government offices?" the official obligingly answered, in Japanese, "Fifteen out of a total of 345."

But before this interesting information could be translated into English a junior aide interrupted with, "Those figures are

figures are not supposed to be published."

Without turning a hair the department chief went on to say, through the interpreter, that unfortunately no figures were available on the exact number of foreign computers in use in government offices.

An embarrassing disclosure might thus have been averted—had not some of the pressmen present understood Japanese.

## Franc afloat

After experimenting with all the conventional economic devices to contain inflation, the French government has decided to try a little soft business. It has launched a glossy television advertisement campaign to persuade the French government's anti-inflation drive.

The government had hoped to hold down inflation in France this year to an 8 per cent annual rate. It has now had to throw in the towel. M. Jacques Delors, the Finance Minister, has acknowledged inflation is likely to be closer to 9.5 per cent.

M. Delors and his team at the Finance Ministry are still hopeful they can hold inflation down to 5 per cent next year although they admit it is an ambitious and optimistic target. But with few politically acceptable economic mechanisms left to fight the inflation battle, he has decided to invest FF 6m in a five-week advertising campaign.

The first ad has been shown on prime-time television. The 30-second spot shows five windsurfers racing in slightly choppy waters. Their sails depict the flags of France, the U.S., West Germany, Japan and Britain. The French windsurfer is trailing behind the others but gradually catches them up. The theme of the ad, which could be quite suitably used to advertise a Club Med holiday, is that with 5 per cent inflation rate next year France

## Grounded

The debt-ridden National Coal Board has decided it can no longer afford the luxury of its own statily but aged executive aircraft for ferrying VIPs between pitheads.

On the borders of Ian MacGregor, the chairman, the board is seeking offers for its propeller-driven De Havilland Dove, which was acquired in the 1960s.

An advertisement in Flight International says the machine is in excellent condition. However, MacGregor, I am told, has never taken to the air in it, and does not intend to replace it.

The sale is causing few regrets among senior NCB people, each of whom has a personal story of exciting trips bouncing through the winter storms.

Doves were first built in the late 1940s and sold well. But they have long since gone out of production.

MacGregor is showing a keen eye for economy at the NCB. At a recent board meeting he lectured on the need for prudence in travel expenses. To reinforce his point he pulled out his London Transport old-age pensioner's travel pass.

## Treasury tip

Sign in a Birmingham pet shop: "Buy a little swing and balance your budget."

Observer

## POLITICS TODAY

## Present at the creation

By Malcolm Rutherford

SHORTLY BEFORE he died, Ernest Bevin was asked what he thought had been his greatest achievement as Foreign Secretary. "Tell them to ask the question in 20 years' time," he replied.

Lord Bullock's superb volume on Bevin's stewardship of the Foreign Office comes rather later than that, but the delay is wholly an advantage.

For this is a book not only about Bevin, but about the foundations of the postwar system, and it is the first to have access to the documents. Dean Acheson, the American Secretary of State for part of the period, called his own book "Present at the Creation." That would not be too pretentious a title for anything concerning Bevin, who was creative as well as pragmatic.

It was Bevin more than anyone else — though Churchill helped — who was responsible for establishing the special relationship between Britain and the United States. It may be fortuitous, but it is also fortunate, that the book should be published at a time when the special relationship — and indeed the nature of the postwar settlement — are again under scrutiny. Anyone seriously interested in international affairs should have read it by the end of the Christmas holidays.

Publication raises the unavoidable questions. In the immediate aftermath of the second world war, should British foreign policy have been different? Perhaps more subtly could it have been different? Should the British have tied themselves so closely to the U.S.? Should they have started to reduce their world role earlier and faster?

Alternatives were after all considered at the time, and at the highest level. In early 1946 Clement Attlee, the Prime Minister, circulated a paper which said: "We must not for sentimental reasons based on the past give hostages to fortune. It may be that we shall have to consider the British Isles as an easterly extension of a strategic area, the centre of which is the American continent, rather than as a power looking eastwards through the Mediterranean to India and the East."

There were alternatives from the left: a more tolerant view of

the Soviet Union, for example, and perhaps a tilt towards neutralism.

Bevin disagreed with all of them. But it was not because he had an exaggerated view of British power. On the contrary, he was more conscious than most of the extent of the country's postwar weakness. He knew that never before had Britain been so incapable of backing up its diplomacy with economic, industrial or financial strength.

Yet there was also a paradox. Britain had won the war. She was the only one of the Allies to have fought without being attacked first, and it was the second war within three decades in which America came in late. There was no particular reason to believe in 1945 that either of the two emerging superpowers would wish to play a constructive role in establishing a postwar settlement. America was, if not isolationist, at least unpredictable. The Soviet Union, it quickly turned out, was grasping.

For Britain there was little else to rely on except diplomacy and past reputation. The problems were vast, involving at least half the world. "I am sorry to be so long," Bevin said in a speech in the House of Commons in November 1946. "I cannot help it. All the world is in trouble and I have to deal with all the troubles at once."

Apart from Europe, a big enough problem in itself, there was Palestine, India, Iran, Egypt, South East Asia — the list is almost endless. There was also the Bomb.

Could Britain, having pioneered the development of atomic energy, have abandoned them unilaterally once the war was over? While, with hindsight, there is some room for doubt about the answer to that question, it must have appeared different in 1945. There was not much suggestion then of a *Pax Americana*, and even if there had been, not everyone would have welcomed it, either on the right or the left. There was no suggestion of preserving a global balance of power by nuclear parity between the U.S. and the Soviet Union.

There was also, in 1945, no European alternative. Much of continental Europe was in ruins. Some hope lay in France, and both Churchill and



Foreign Secretary Ernest Bevin (left) and Prime Minister Clement Attlee in 1945 — responsible for establishing the special relationship.

Bevin went out of their way to show their belief that the French must again become a major power, though the relationship between London and Paris was usually difficult. The idea of a Germany back on its feet evoked far more fear than confidence.

Bevin's major achievement was to involve the Americans. He did that quite early. President Truman said in 1945 that America would continue to play a world role. Churchill responded, and Bevin agreed, that if such a statement of U.S. intentions had been made before 1914 or before 1939 neither world war might have taken place. But it was a bit later before the extent of the commitment became clear.

There was also the temptation, which the Russians eagerly exploited, to do deals with the Soviet Union over British heads. The Americans disagreed with the British fundamentally over Palestine and, not for the last time, appeared to renege on understandings with the British Government because of their own Jewish lobby. The terms of the American postwar loan to Britain were felt to be un-

generous even by Lord Keynes, who was in favour of it in principle.

Indeed the history of Anglo-American relations seems to be littered with occasions when the Americans did their own thing, yet the British went back for more because they were anxious to keep the U.S. in the fold and the tendency to isolationism was still strong.

In February 1946 Churchill made his famous Fulton speech in Missouri, calling for cooperation between the U.S. and the British Commonwealth. Yet the British isolationism was still strong.

The Wall Street Journal commented: "This country's reaction to Mr Churchill's Missouri speech must be convincing proof that the U.S. wants no alliance — anything that resembles an alliance with any other nation — and it was not being overdone."

The turning point came in Iran later that year, when the U.S. warned unequivocally against any further Soviet military intervention. The warning worked: Soviet troops were withdrawn and there was no

Iranian coup. That in a way became the pattern of postwar relations for many years. When the U.S. firmly said "no" the Russians held back. But it was the British who had warned the Americans first that the Soviet Union was an expansionist, probing power, and their advice initially went unheeded.

Thus by mid-1946 Bevin had succeeded: Britain might be on its knees financially and never again be the power that it once was, but the U.S. had become part of a new world system. And that was largely what the British wanted — almost a transfer of power and responsibility, while retaining some influence. In the climate of the time that can hardly be regarded as a negligible achievement.

The mistakes came afterwards, and most of them go beyond Bevin's period at the Foreign Office and the scope of Lord Bullock's book.

By far the biggest was that, having succeeded in involving America and subsequently seeing the beginnings of economic regeneration in Europe, the British stood aside.

That was the fault of the special relationship. It was too comfortable to have the U.S. fall back on and it made political involvement in Europe in the 1950s seem unnecessary.

If anyone wants to identify the single biggest failing of British postwar foreign policy, it was the refusal to be in at the formation of the European Community. Arguably, that is still what the country is suffering from today.

Publication of the book coincides with another period of doubts about American leadership. It has become almost part of the conventional wisdom that Europe needs to do more to look to its own defences and its own diplomacy.

Yet there is a caution here. Present divisions are not so much between America and Europe as between some Americans and some Europeans.

Euro-U.S. relations — and Soviet-U.S. relations — might be quite different if (say) Mr Walter Mondale were in the White House. And we should remember that these relations have always had their ups and downs. It would be unwise to seek too radical a remedy merely because of difficulties at

the moment. But one point is fundamental. The special relationship is not between equals. The way to seek influence in Washington and a greater say in the workings of the Atlantic Alliance is through Europe. That is what Britain failed to appreciate in the mid-1950s.

There are two further questions, the seeds of which are in Lord Bullock's book. What happens if the Soviet Union doesn't change, and is there any reason to think that it will?

The language of Soviet diplomacy does not vary much with a change in Foreign Ministers, and even they change none too often.

In the early postwar peace conferences Molotov insisted, time and again, that the Russians were not going to be treated as inferiors but as equals. It is the same language that Mr Gromyko employs today.

But what is the Soviet definition of equality and when do the Russians think they will achieve it?

Speaking of the difficulties of getting away from power politics, Bevin noted in early 1946: "You have Russia... who in foreign policy is quite clearly as imperialistic as the greatest of the Caesars, Peter the Great or anybody else, and who is seeking to put around herself for security purposes whole groups of satellites in the south, east and west with the view of controlling every kind of place which is likely to come in contact with her. I think she has an inherent fear, quite unnecessarily, that the big powers like us and America may, some day or other, attack her." Therefore she adopts methods which are very much out of date.

That does not mean that you should not negotiate with the Soviet Union or even that you cannot reach agreements that will stick. But it does mean that you have to be careful. As for change, there is no sign of it and it is unlikely, because the mechanism for it does not seem to exist.

\* Ernest Bevin, Foreign Secretary, 1945-1951.

## Lombard

## Why pragmatism is not enough

By Jurek Martin in Tokyo

TWO WEEKS ago, in the wake of the invasion of Grenada, the Financial Times argued in an editorial that "the primary aim (of America's allies in Europe) should be to exert a sobering influence on Washington; failing that, publicly to set out a distinct European point of view."

This week, with President Reagan in Tokyo, it is reasonable to consider whether the same can be asked, or even expected, of Japan. After all, in the opinion of the world-wide American ambassador here, Mr Mike Mansfield, no U.S. bilateral relationship is more important than that with Japan; few people here, and certainly not Mr Yasuhiro Nakasone, the Prime Minister, who apparently wants to give Japan a global role more commensurate with its economic strength, would disagree with him.

Yet it remains a relationship curiously lacking the give-and-take dimension that characterises truly stable marriages. This is partly explicable by modern history and, currently, partly by the identity of opinions held by Mr Nakasone and Mr Reagan — especially their shared mistrust of the Soviet Union. To the extent that there is debate between the two nations, it has become confined to strictly commercial and defence related issues, in which the politics of expediency (in the shape of elections within the next year in both countries) have assumed disproportionate influence.

But, as two other equally conservative leaders, Mrs Thatcher and Chancellor Kohl, have recently demonstrated, at some cost to themselves, even friends of the U.S. are not obliged indiscriminately to follow the American lead. In particular when an overriding principle of international behaviour, in the case of Grenada the sanctity of national borders, is at stake.

From Japan, however, it is noteworthy that there has not been a squeak of official dissent, or even much internal debate, over the invasion of Grenada. The government has described the U.S. action as "understandable" if "regrettable," true to pragmatic form Japan continues itself with abstaining in the UN General Assembly vote, presumably with the purpose of offending no one, in-

cluding the soon-to-be-visiting U.S. President.

For all its short-term bilateral tactical soundness, this sort of minimalist approach to foreign policy does conform to a rather disturbing pattern for a country which wants to play in the big leagues of the world. Britain remembers, for example, only too bitterly how Japan resolutely sat on the fence throughout the Falklands crisis, again presumably for fear that it might damage its trading relations with South America if it did otherwise.

More recently it is difficult to ascribe Japan's sudden interest in the war between Iraq and Iran to anything other than concern for the fate of the Bandar Khomeini petrochemical complex to which Japanese companies are so heavily exposed.

Even on those international issues which cut across East-West divides, for instance the humanitarian case of resettling Indo-Chinese refugees, the Japanese response remains diffident to the point of being nugatory. After incredible bureaucratic contortions, Japan, which has a population of 117m, is about to announce that it will permit 5,000 such displaced persons to reside here, 2,000 more than hitherto. It is worth noting, in comparison, that France, Canada and Australia (each with smaller indigenous populations even if with more space) have admitted 80,000-90,000 apiece.

It is undeniable that there is no constituency inside Japan in favour of absorbing more refugees, but that tends to prove rather than refute, the point. If Japan wants to be considered an authentic major power, it may be forced into positions and policies which do not necessarily meet the extremely narrowly defined concept of national self-interest to which Japan has become accustomed and from which it has undoubtedly profited.

In other words, were the FT to turn its gaze to Japan, it might legitimately wonder if "a distinct Japanese point of view" other than undistilled pragmatism can be said to have any chance of existence. Mr Nakasone and Mr Reagan could make a start on the formulation of one this week, but, regretably, they will not.

## Letters to the Editor

## Privatisation of British Telecom

From the chairman, British Telecom.

Sir, — The letter from Mr Alan Chamberlain, Secretary of the British Telecommunications Unions Committee, accuses British Telecom of "misinformation" in the advertisement we have been placing in the Financial Times and other national papers to inform customers about the fact of privatisation. However, stepping aside from the rhetoric of political controversy, our advertisements are straightforward answers to questions which have been raised by our customers and staff.

Mr Chamberlain refers to "assurances" which he says have been given to customers by the board of a "currently nationalised industry" which cannot bind the board of a future privately owned enterprise. The truth is that our advertisements do not so much deal in assurances as reflect aspects of the draft Bill and the draft Licence — matters of fact which are not at the discretion of any board.

As it happens, the Secretary of State has already announced that the present board will "see British Telecom through the difficult transition period from national corporation to public limited company and give it a good start."

Turning to the detail of Mr Chamberlain's letter the facts are that the draft Licence provides safeguards for the rural and emergency services, telephone kiosks and social services

such as for the disabled. And tariff increases for the residential customer are to be related to the RPI. It is intended that the Articles of Association of BT plc will impose a ceiling on the shareholding of any individual or group thus preventing a UK or foreign takeover.

As for Mr Chamberlain's rhetorical questions about Defence, the Bill provides for powers of direction relating to national security or international relations to be available to the Secretary of State.

Finally, may I deal with the so-called American experience. Mr Chamberlain argues that in America the "access charge" concept for telephone services has been shown not to work; that AT&T has divested itself of its loss-making services; that customer charges have risen 300 per cent, that rural services have been reduced and public service commitments eschewed. This is a sad blend of inaccuracy and speculation.

The so-called "access charges" in the UK will be very different in concept from what they are in the U.S. (Two nations once more divided by a common language.) In the UK they will form part of the charging arrangements made by BT's local networks on other interconnecting networks either BT's trunk or international networks or those of other telecommunications operators. They will not be paid directly by end-customers — which is what all the fuss is about in the U.S.

AT&T will not be divesting itself of the local Bell operating companies next year with a view to disposing of its loss-making activities and eschewing its public service commitments. It will do so because it is pressed to, as part of a deal to allow it into new commercial activities such as computing. In any event, this is not relevant to the UK where the Government has already agreed that British Telecom should remain a single entity and that there should be no such restrictions on its scope to enter new information technology markets.

It is also quite misleading to talk of customer charges having risen by 300 per cent and rural services being reduced. Neither has happened; this is pure speculation about the future. It is even more misleading to assume that the same would happen in the UK where the terms of the draft licence for British Telecom will safeguard rural services and set a ceiling on increases in charges for local line rentals and calls. More to the point is the fact that in many parts of the U.S. local calls are subsidised to the extent that they are offered free of charge; whereas, in the UK they are in profit.

Far from running a misinformation campaign as Mr Chamberlain suggests, British Telecom is committed to ensure that its customers and its employees are informed of the facts, upon which they can base their own conclusions. (Sir) George Jefferson, 3-12, Gresham Street, EC2.

## New threat to rail electrification

From Mr Ralf Bonwit

Sir, — It looks as if railway electrification will be the first victim of the Government's policy of curtailing public expenditure, even before the "Star Chamber" has given its ruling.

By 1988, Government subsidies to the railways are to be cut by some 25 per cent from the present, by no means generous, level, so that no margin will be left for a comprehensive electrification programme; the target year for this grant reduction is also the effective time limit for the replacement of worn out diesel stock. By continuing ruling down, it is possible to effect considerable savings, since three electric locomotives can do the work of five diesel.

There was a vague reference to Government support for worthwhile investment "clearly related to the objectives... set to the board"; but it was not made clear whether such support would be forthcoming over and above the projected grant total, or what its magnitude could be. Meanwhile, railway managers are to be refurbished by various forms of asset stripping. It is, for instance, sensible to divorce the production of locomotives and rolling stock — but not their maintenance — from railway activities proper, as has been the case for many years on the Continent and in Scandinavia.

But it is unlikely that the Crewe or Doncaster locomotive works will fetch a good price if offered to our private railway industry, if there is no prospect of a sustained domestic market through a systematic programme of railway electrification.

It was reassuring to be told that the Government has no intention to implement the more absurd proposals of the Serpell Report — which, incidentally did not touch on the problems of electrification — but the proposed grant reductions do not foretell developments which could transform the latest Department of Transport U-turn into a message of "hope for those who travel on the railways and those who work on the railway." It very much looks as if the Serpell derogation of existing railway safety standards has been taken far too seriously by the new Secretary for Transport.

Ralf Bonwit, Kils Lane, Binfield Heath, Henley-on-Thames.

## Election by vote-ranking

From Mr Michael V. Slavin  
Sir, — Mr Townsend's letter on "Election by vote-ranking" is extraordinary. He thinks PR systems provide less than "true" proportionality. He therefore advocates retaining the first-past-the-post system, which now exhibits virtually no proportionality. Only he wants to mount a stewards' enquiry after the race, to work out who should have won, and adjust the results accordingly! Can you imagine the position of an MP trying to represent a constituency whose one (or, for low-supported parties, several) candidates got more votes than he?

Mr Townsend's problem is a common one: he thinks transferable voting is complicated. This is simply not so. The elector only has to rank those candidates he wishes to in the order he prefers, nothing more. He even places an "X" against his one and only choice.

What is complicated is for parties to manipulate the result: how, say, to capture the 4th seat in a 4-member constituency where the three major parties have 30 per cent support each. This can only be done reliably by choosing candidates with wider-than-party appeal. And, of course, our presently polarised party activists don't like that.

Michael V. Slavin, 30 Greenholm Road, SE9.

## Pros and cons of work sharing

From Mr R. S. Musgrave, Sir, — May I second Samuel Brittan's attack on work sharing (October 6 and 13) and attempt to explain in as simple language as possible the "Lump of Labour" fallacy since many people, particularly Messrs Hill and Keesermaker (October 25) others have completely failed to grasp it?

There is a maximum possible

level of demand in any economy determined by numerous factors such as numbers available for work, hours they are prepared to work, their productivity and so on. It is utterly useless to reduce any of the latter, for example reduce the number of hours people are allowed to work as in work sharing, since that in itself reduces the maximum possible level of demand, that is the total amount of work available. Unemployment is thus not reduced one iota.

Of course demand may not be at its maximum possible level and in this case labour supply reducing schemes like early retirement and work sharing will reduce unemployment (assuming constant demand). But in this situation as Samuel Brittan points out, it is nonsense to forcibly reduce the hours that people work where it is feasible to raise demand and provide them with the hours of work they want.

R. S. Musgrave, 24 Garden Avenue, Fromwellgate Moor, Durham.

Of course I'm sure, I read it in Business Week.

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# SECTION II - INTERNATIONAL COMPANIES FINANCIAL TIMES

Friday November 11 1983

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## Nationalised French banks come back to bourse for funds

BY DAVID MARSH IN PARIS

FRANCE's nationalised banks, in need of capital funds to support their expansionary activities, are about to make a comeback to the Paris Bourse.

The banks are exploring plans to launch three participations (TPs) - non-voting loan stock intermediate in character between shares and bonds - in line with the issues already made by a string of state-owned industrial companies since spring.

The Finance Ministry, which realises the banks are undercapitalised by international standards but does not have the funds available to make capital injections is giving enthusiastic backing to the idea.

The first issue - by one of the top nationalised banks, but not necessarily one of the Big Three - could be made before the end of the year. But a number of technical problems still have to be sorted out.

TPs carry yields based partly on a fixed interest portion, which can vary each year in line with prevailing bond market yields, and partly on a measure on the borrower's financial performance, such as its profits, cash flow or turnover. Fixing the method of indexation for this second portion involves greater accounting difficulties for banks than arranging the formula in the case of industrial companies.

Five companies - Saint Gobain, Rhone-Poulenc, Thomson Brandt, Compagnie Generale d'Electricite

and Renault - have so far launched TPs for a total amount of FFr 3.9bn (\$0.5bn).

The first banking issue is likely to be for a much smaller amount than the latest issues for CGE and Renault of FFr 1bn each. It could be for around FFr 500m.

French commercial banks overall last year showed a decline in their net profits for only the second time in the past 30 years, above all because of much higher provisions on foreign and domestic risks.

The decline may continue this year. Against this background - and because the Government is taking an increased share of the banks' profits in the form of dividends and taxes - the banks have been unable to plough back enough retained earnings to bolster their capital by the amounts required.

The Finance Ministry sees the issue of TPs - which gives the banks access to bourse capital without weakening state control - as an ideal compromise solution.

The first five TPs have met strong investor demand in line with the general powerful showing of the Paris Bourse this year, although interest has flagged for the last two issues.

Because the first batch of industrial company TPs has been issued more quickly than expected, the Finance Ministry sees a launch "window" opening up towards the end of the year which could be filled by the banks.

## Philips to decide on future of V2000

By Walter Ellis in Amsterdam

PHILIPS, the Dutch electronics group, is to make an "important" announcement today on the future of its V2000 home video system, which has been under severe and growing pressure from the rival Japanese VHS format.

Rumours in Amsterdam say that Philips is continuing to make substantial losses on the V2000 and may have had to write off substantial sums spent on the project in the third quarter of this year. Results for the three months are due to be published next Thursday, but Philips has denied that uncorroborated write-offs are included.

On the Amsterdam Stock Exchange, Philips' share price has fallen this month from just under Fl 45 (\$15) to a little under Fl 42. It was already trading somewhat below par after disappointing second-quarter results, particularly in the sound and vision sector.

At the end of last month, Matsushita of Japan announced that it had granted Philips and its associate, Grundig of West Germany, the right to its VHS technology for use in Philips-designed machines for sale outside Europe.

From its Eindhoven headquarters, Philips insisted that it was merely considering an "offer" from Matsushita among other possibilities. The Japanese group came back expressing astonishment that Philips had issued such a statement since, according to Matsushita, the initiative had come entirely from the Dutch.

Whatever the truth about who approached whom, the fact that Philips was ready to move into the manufacture - as distinct from the assembly - of VHS machines for its non-European video markets appeared of considerable significance.

Certainly, it was less than a vote of faith in V2000, which, although it has slowly captured between 13 and 20 per cent of the European market, is effectively unavailable in North America, Asia and Australasia.

Last week it was learned that Philips had asked the European Commission to limit the exports of Japanese video recorders to Europe to 2.65m units in 1984. Philips believes that European video sales next year will total 3.5m units and wishes to ensure that it holds on to a significant market share. Japanese manufacturers, meanwhile, have estimated that Philips and Grundig together will have sold only 700,000 V2000 machines in 1983.

COLECO, the U.S. electronics manufacturer, yesterday followed Atari's lead by raising the price of its home computers. The wholesale price of the new Coleco computer, the Adam, will go up by \$125 to \$850 from January 1.

Coleco's move follows Atari's announcement of a \$40 increase in the prices of its 600 XL and 800 XL home computers and indicates a trend in the price war recently waged in this market.

The increases come after a year of price cuts that have driven profit margins down to "marginal levels," according to industry sources. Texas Instruments' 98/4A home computer, which has now been discontinued by the manufacturer, is selling for as little as \$49. When originally introduced in 1979, it sold for \$1,150.

Coleco said it had decided to raise its price after Texas Instruments announced last month that it was dropping out of the home computer market. Coleco also cited the price of IBM's new home computer, the PC Jr, as a sign that consumers are willing to pay more for home computers.

The IBM PC Jr announced last week, comes in two versions. The basic version will sell for \$699, while a more advanced disk-drive version is priced at \$1,299.

Another factor in the new upward price trend is a general shortage of all types of home computers. Atari says it has already sold out of its 600 XL and 800 XL models for this year, and dealers have reported shortages of Commodore International's top-selling Commodore 64, which holds over 40 per cent of the market.

Paul Betts in Paris and James Buxton in Rome look at the CIT-Alcatel agreement

## Breakthrough for European electronics

THE INDUSTRIAL and commercial collaboration deal between Olivetti, the Italian office equipment group, and CIT-Alcatel, the telecommunications and electronics subsidiary of the nationalised French CGE conglomerate, already seemed a little *dépassé* by the time the chairmen of the two companies announced the agreement in Paris last week.

The agreement had, in fact, been initiated some months earlier. It had followed months of contacts and discussions between the two groups and had been held up while Olivetti and the French Government negotiated the financial framework whereby Paris would sell back to Olivetti 22.4 of its 32.4 per cent stake in the Italian group.

It would be misleading to underestimate the importance of the deal between the two companies. From the French point of view it is consistent both with the designs of French industrial policy in general and those of CIT-Alcatel in particular.

The centrepiece of the agreement is the construction in France of a plant where Olivetti and CIT-Alcatel will jointly produce a new generation of electronic typewriters. Production is scheduled to start in four years' time. The plant will produce 100,000 electronic typewriters a year and create several hundred new jobs.

It is the first time two European groups have entered into a major joint production agreement in the office equipment sector, and is a response to French Government calls for collaboration in the electronics industries to enable European enterprises to remain internationally competitive.

The venture will help strengthen CIT-Alcatel's range of office equipment products. The French company's Roneo subsidiary in the UK and its Roneo subsidiary in the UK have been losing money, partly because they have lacked suitable products to market and commercialise. It will also fill an important gap in CIT-Alcatel's French product line. CIT-Alcatel will own 51 per cent of the joint electronic typewriter venture, with Olivetti owning the other 49 per cent.

The other aspect of the pact is a commercial agreement whereby Olivetti will market Olivetti products through its distribution network and Olivetti will do the same for CIT-Alcatel products, especially the French company's videotex terminals and other video information products.

CIT-Alcatel emphasises that the industrial agreement is very precise in nature and restricted to the office equipment field. But although the French company does not envisage enlarging the agreement into the telecommunications sector as well, it is clear the deal also fits into the broader context of the increasing convergences between telecommunications and office equipment industries and technologies.

This concept of convergences has become a preoccupation for CIT-Alcatel, which like other telecommunications companies now wishes to establish ties with other electronics and computer groups. The deal with Olivetti could eventually lead to bigger things, although the French group, like Olivetti and all its other major rivals, is holding talks with many other groups.

To this end, both Olivetti and CIT-Alcatel have agreed to clauses in the agreement to enable the two companies to part company in the event one of them enters into a deal with a rival group leading to a conflict of interest.

Before the agreement was announced last week, there was considerable agitation in Paris over the talks Olivetti is holding with AT & T, recent collaboration deal with Philips.

As in the case of the Thomson-CIT-Alcatel telecommunications merger, the French group, led by M Georges Peberne, appears to come out strongly in the Olivetti deal. With the Thomson merger, CIT-Alcatel will become the dominant telecommunications company in France and believes it has achieved, at relatively little cost, the economies of scale necessary to compete internationally and to negotiate in a strong position joint ventures with its main international rivals.

With Olivetti, it has secured a product it needed, it is getting a new plant in France, and has established a commercial link-up with the premier European office equipment enterprise.

on to permanently, which would raise Sig De Benedetti's personal stake in the company he runs.

What Olivetti does say, however, is that it has no plans to bring any other company with which it makes an industrial agreement into the ownership structure. In other words, if the persistent rumours of an impending industrial agreement between Olivetti and AT & T are true, this would not mean AT & T taking equity in Olivetti.

The two companies have confirmed that they are talking. Sig De Benedetti has for some time been seeking a major U.S. partner, to give Olivetti better access to the U.S. market and to strengthen its product line, which is relatively weak in telecommunications equipment.

Sig De Benedetti evidently con-

For THE past few days, Sig Carlo de Benedetti, chairman of Olivetti, has been directing a complex operation which will eventually lead to the placing of shares worth about L190bn (\$120m).

It will leave him in control of the largest single block of shares in the company and give Olivetti a more balanced shareholding structure.

The 33 per cent stake in Olivetti held by French interests was always a little overhanging. The original attraction of the move was to bring in new funds to help to reduce the company's heavy debt. But as early as April 1981, less than a year after Saint Gobain bought in, Sig De Benedetti said he would be disappointed if, within a year, it had not agreed a substantial industrial co-operation venture with Olivetti to justify its stake.

A few weeks later, the Socialists came to power in France with firm plans to nationalise Saint Gobain and the entire French electronics industry was thrown into confusion. Sig De Benedetti resolved that the French stake should be reduced in proportion to what industrial co-operation could be agreed. As one of the upholders of private enterprise in Italy, he declared bluntly that Olivetti did not want a nationalised company to have such a big stake.

Now that the remaining 10 per cent of Olivetti held by the French Government has been allocated to CIT-Alcatel, with which Olivetti has signed an industrial agreement for joint manufacture of electronic typewriters, the question is: Who will own the 23 per cent of the company the French are relinquishing? Half was immediately taken over

last week by CIR International, the Luxembourg-based offshoot of CIR, the industrial holding company controlled by Sig De Benedetti, which already held about 16 per cent of Olivetti.

According to Olivetti, CIR International immediately transferred about half of the newly acquired shares to an American investment fund and retained the rest.

As for the other half of the stake, CIR International has an option which expires in "a few months" and intends to place it with Italian institutional investors. Sig De Benedetti said last week he expected no difficulty with that.

Neither the identity of the U.S. investment fund, nor of the possible Italian investors is known. It is not clear how much of the former French stake CIR intends to hold

on to permanently, which would raise Sig De Benedetti's personal stake in the company he runs.

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# IMPORTANT INFORMATION FOR THE SHAREHOLDERS OF GULF OIL CORPORATION

By now you should have received Gulf's Proxy Statement for its Special Meeting of Shareholders to be held on Friday, December 2, 1983 to approve your Corporation's plan of reorganization. Your Board of Directors unanimously recommends this proposal as being in the best interests of Gulf shareholders.

You may also have received soliciting material from several shareholders calling themselves "Gulf Investors Group" and headed by T. Boone Pickens, Jr. of Mesa Petroleum. You should know that this Pickens-headed opposition group did not own a single share of Gulf stock until three months ago. Now, this group wants Gulf shareholders to keep cumulative voting, which would make it possible for the group to elect one or two members to Gulf's Board without the need for the favorable vote of any other shareholder. In the opinion of Gulf management, directors elected that way are likely to become representatives of a particular interest group.

By voting FOR your Company's proposed reorganization, you can help protect against a divided Board of Directors and expect that each member of your Board of Directors will continue to act in the interest of all Gulf shareholders.

To abstain from voting is the same as a vote against the proposal since it is necessary that more than 50% of the Company's outstanding shares be voted FOR the proposal for it to be approved.

We emphatically urge you to reject the Pickens opposition group. A closer look at Pickens' past statements and actions would seem to indicate that his interests and that of his group are not the same as those of the rest of Gulf's shareholders.

Indeed, as recently as October 19, 1983, on a Cable News Network interview, Pickens flatly stated: "I just work for one crowd; that's the Mesa shareholder."

## THE MESA GROUP: HIT AND RUN?

Why is the Mesa group opposing your Board's proposal? In answering that

question it is important to consider the following:

■ **Newsweek** reported on October 31, 1983 that "most experts guessed that Pickens was out for a quick killing in Gulf stock," using "hit and run methods" to force "Gulf management to buy him out at a steep premium."

■ **The Wall Street Journal** of May 2, 1983 referred to Mr. Pickens' "image among some observers as somewhat of a corporate raider and profiteer" and then quoted Pickens, referring to a different situation involving other Mesa investments, "Sure, we're opportunistic. We're out to make money for [Mesa's] shareholders."

■ According to **The Wall Street Journal** on November 2, 1983, "Mr. Pickens' biggest credibility problem is the suspicion that he will hit and run—leaving those who followed him into the stock high and dry." Indeed, the Mesa group has borrowed so heavily to buy their Gulf shares that, in the opinion of Gulf management, it is questionable whether they can afford to be more than a short-term investor. The same Wall Street Journal article reported that Mesa itself faces net annual interest costs of \$24,000,000, or \$67,000 a day, to hold its Gulf shares.

■ **The Economist** said in its October 29, 1983 issue, "Mr. Pickens' best hope is to make such a nuisance of himself that Gulf, like Superior Oil, will grow weary and buy him out at a handsome profit." Speaking of Pickens' use of such a "strategy" in the past, an article in the **San Francisco Chronicle** on October 18, 1983 referred to it as "corporate blackmail."

■ The Mesa group has hired investment bankers for a retainer fee of \$1,000,000 as part of its campaign against Gulf. But under another part of the same arrangement those bankers will be paid a fee of up to \$7,500,000 (including the retainer) if Mesa sells out its Gulf shares at a profit or a takeover bid is successfully made for Mesa itself. In the opinion of Gulf management, this may mean that there is substance to the **Washington Post's** speculation on October 30, 1983 that Mesa wants to pressure Gulf into making an over-priced bid for Mesa in order to get rid of a nuisance.

We believe that Mesa group's actions lead to a simple conclusion—the Mesa group is trying to protect its own "right" to disrupt Gulf's affairs by calling meetings, proposing charter amendments and placing its own special representatives on the Gulf Board.

Remember, Pickens' duty is to Mesa shareholders and his group—not to you.

## MESA'S INCONSISTENCY

Consider whether the Mesa group is acting to further your interests in this opposition.

■ Mesa has always been a Delaware corporation and has never elected its directors under cumulative voting.

■ **Sunshine Mining Company**, a member of the Mesa group, eliminated cumulative voting in 1980, when it chose to reincorporate in Delaware after spending 62 years incorporated in the state of Washington.

■ In fact, Sunshine told its shareholders: "the general corporation law of Delaware affords a modern, flexible legal framework for conducting corporate affairs. Among other things, the Board of Directors believes that Delaware law provides greater flexibility than Washington law respecting the activities and management of the Company."

In the opinion of Gulf management, Pickens and the management of Sunshine Mining Company owe you an explanation of how they can oppose the reorganization of Gulf on the grounds they stated when the shareholders of their own companies do not have such "rights".

Pickens' double-standard is evident: According to him Delaware is the right choice for Mesa and Sunshine—but not for Gulf. Ask yourself: Is Pickens really acting in your interests?

■ Finally, on March 31, 1976, in his annual report letter to the Mesa shareholders, Pickens stated: "The various proposals for breaking up the major integrated oil companies are ill conceived and, in the long term, would be extremely detrimental to the energy situation."

Today, Pickens is beating a different drum. In the press and elsewhere he advocates spinning off assets, establishing royalty trusts and liquidating assets. Such actions, as applied to Gulf, would, in the opinion of Gulf management, be to the detriment of reinvestment in exploration and would inevitably lead to a reduction in reserves.

Certainly, we believe Pickens should tell you why the proposals were "ill conceived" in 1976 and why he now advocates such proposals to Gulf's shareholders in 1983. In our opinion, Pickens' sole purpose is to further the aims of the Mesa group, not yours.

We do not trust the motives of Pickens and his so-called "Gulf Investors Group". We do not believe you can afford to trust them either.

Your Board and management is making solid gains, taking bold actions and enhancing your investment.

Don't you agree that Gulf should continue on its strategic path and not be sidetracked by schemes intended to serve the short-term goals of a select few? Your Board and management are not only open to, but continue aggressively to search for actions to further the overriding objective of enhancing share value. The shareholders of Gulf Oil Corporation should have a Board of Directors that can act in the best interests of all of the Company's shareholders.

Whether or not you have previously signed a proxy, please express your support of Gulf's proposal by signing, dating, and mailing the WHITE proxy card. Remember, your latest dated proxy is the only one that counts.

The management and Board of Directors thank you for your support of your Company.

*James E. Lee*  
James E. Lee  
Chairman of the Board and  
Chief Executive Officer

Note: Quotations from all media sources herein are being made without the permission of the publishers, authors or broadcasters of any of them. Their use does not represent any publisher's, author's or broadcaster's endorsement of Gulf management or its positions. Gulf has not made any payment with respect to the publication, broadcast or quotation of any such source.

If you have any questions or need assistance in voting your shares you are encouraged to call D. F. King & Co., Inc. at (212) 269-5550 in New York, (312) 236-5881 in Chicago, or (415) 788-1119 in San Francisco or Georgeson & Co. at (212) 440-9800. Please call collect. Gulf has also established the following toll free numbers (800) 255-4853 and for Pennsylvania residents only (800) 222-2152.

## THE PROPERTY MARKET BY MICHAEL CASSELL

# More hostilities down in Docklands

## Record year for development Agency

### Reading enlists the lure of the Orient

THIS WEEK'S acrimonious outpourings from the Greater London Council on both the conduct and effectiveness of the London Docklands Development Corporation represent a new low-point in relationships between the two organisations.

The eight square miles of derelict and decaying riverside land which run east from Tower Bridge as far as the Royal Docks are supposedly the location for Europe's most ambitious programme of urban regeneration. They have also developed into an unhappy political battleground, upon which the interests of the local community seem regularly caught up in the crossfire.

Planning has long since been as much about politics as about plot ratios or building profiles but few issues have raised as many temperatures or as much havoc as docklands.

Ever since the LDCC was set up in 1981, with full powers of development control and answerable directly to the Environment Secretary, those local authorities offended by the eclipse of their own influence have engaged in accusations of secrecy, deception and betrayal.

The new low-point came with publication, by the GLC, of a review of the Corporation's activities over the last two years. Mr George Nicholson, chairman of the GLC planning committee, claimed the Corporation was inflicting "immense damage" on docklands and was being used as a steamroller to force through any speculative scheme which caught the eye of

Mr Nigel Brookes, the LDCC chairman, and his board.

The LDCC, he snarled, had become "a hotpot for consultants and an agency for preparing public land to be flogged off to the private sector." Democratic planning, he charged, had been replaced by a series of estate agents' briefs. If the Corporation reflected the shape of any replacement for the GLC itself, then "Britain was moving towards becoming a secret society."

The roll-call of complaints suggested that the Corporation had pushed its way in, ignored the wishes of the local people, overridden strategic and local planning objectives, refused to account publicly for its activities, spent too much public money on its own administration and failed miserably in its attempts to create new and permanent jobs.

The 3,500 jobs claimed to have been generated by the Corporation's activities were, Mr Nicholson said, no more than 500, once elements such as temporary construction jobs and the LDCC's own personnel were subtracted.

Mr Nicholson, along with some of the authorities and pressure groups which were consulted in the preparation of the report, believes the LDCC should be scrapped. Knowing full well that this is just about as likely as a Knighthood for Ken Livingstone, he is calling for "greater democratic accountability" for the LDCC, more time for consultation on

planning applications, acknowledgement of, and more adherence to, existing local and strategic plans and the production by the LDCC of an annual operational programme.

But beyond criticism of the mechanics of the LDCC operation lies a well-aided and deeply rooted objection to the Corporation's philosophy. The GLC review emphasises that, in contrast to the agreed strategy of the local authorities for a development of docklands, the market-led.

According to the GLC, the Corporation's determination to use public funds to lever a much greater volume of resources from the private sector is tantamount to a misuse of funds. The report spits out words like "speculative" and says many of the jobs and homes likely to be created by the LDCC strategy will be totally unsuitable for the existing local population.

The encouragement of speculative office development, the GLC claims, will raise land values and accelerate industrial decline. More offices in docklands will, it adds, only threaten "preferred" office locations like Woolwich or Lewisham. Preferred by the GLC maybe, but by office occupiers as well?

The LDCC's reaction to the latest onslaught came from Mr E. Mallish, the vice-chairman of the Corporation, who implied the criticism was little more than a jealous reaction from a body which had signally failed where the LDCC was succeeding. Far from betraying the local people, he said, the Corporation

and the private sector were providing hope and change in the place of dereliction and stagnation.

The Corporation, he stressed, was close to the people and was directly answerable to Parliament, the seat of democracy in this country. Unfortunately, Mr Mallish's parliamentary up-bringing finally got the better of him when he got to the GLC's charges of deceiving the local people. Which local authority, he sniped, had misled the electorate by switching leaders within 24 hours of its election?

But it is, nevertheless, true that the LDCC still has a long way to go before it can use success as the only necessary defence. There are encouraging stories to tell in docklands but the image is well muddled.

Equally the critics cannot dismiss LDCC strategy after two years and, more importantly, who believes that any other formula would have a better chance of making docklands live again?

The creation of the LDCC was borne out of the government's determination to end years of decline and stalemate and it was given hefty powers to ensure it won through. Even so, there does appear to be some genuine concern about the true extent of its local accountability and readiness to consult.

As a quasi-local authority, it must encourage dialogue and genuine democracy, even if it loathes the inevitable prospect of political warfare. It must not only work in the public interest, it must be seen to be doing so.

THE Development Commission—the Government-funded rural development agency for England—spent over £16m in 1982-83 on a wide range of projects designed to combat the economic and social problems of rural areas. Budget for the current year is £18.5m.

Over £8m was allocated to factory building and more than £4.5m was spent by the Council for Small Industries in Rural Areas (COSIRA), the commission's principal agency, in providing financial and technical support to small businesses. A record 134 factory units were completed and a record 168 units were let. The number of firms vacating the commission's premises doubled, however, from 27 to 52.

Fleming American Property Unit Trust has spent £14m in acquiring two U.S. properties which take the value of the trust to \$40.9m. It has paid \$7.15m for Heritage West shopping centre in Denver, showing an initial net cash return of 10.24 per cent. The trust, with a forecast yield of 8 per cent, has also paid \$4.95m for a 72,000 sq ft office building at Schaumburg, near Chicago, to show an initial return of over 10 per cent.

Hardanger Properties has arranged with Schroder Property Fund for Pension Funds and Charities, the pro-

vision of \$4m for four retail developments in Bishop Auckland, Lichfield, Woking and Wigan. Completed, the properties will show the Fund an average yield of about 51 per cent. Edward Erdman acted for Hardanger and Schroder Properties acted for the Fund.

Cate House, the Arlington Street offices just refurbished by Five Oaks Investments, has been let at a rent of about \$25 a sq ft. It is understood the tenant is H. Samuel. Conway Reel Stanton and Lambert Smith, letting agents, have been retained to sell the St James's freehold.

Russell Laboratories and the Water Authorities Superannuation Fund have agreed heads of terms for a lease on the Fund's 90,000 sq ft Broadwater Park office development on the old Bank studios at Deakham. The move means Russell wants to assign its lease—with 12 years to run—on its 45,000 sq ft Wembley Park headquarters. Jones Lang Wootton are acting for the Fund and Hunting Gate Developments are advising Russell.

Hunting Gate, together with Rummell Investments and British Rail Property Board, have applied for planning permission to develop a 60,000 sq ft office building on the former William Way builders yard in central Wimbledon.

AS THE Orient Express drew up alongside a crowded platform four at Reading station, 140 businessmen took a last sip of champagne from their Lalique crystal glasses and reluctantly eased themselves out of their luxurious surroundings.

All guests of Arundell House Securities, which had chartered the famous train, they were greeted by a bowler-hatted station manager before being taken off to view the company's recently completed, £5m office development at 100, Kings Road. That such an effort is made to bring the project to the attention of agents and prospective tenants is an indication of the difficulties now facing the office relocation market.

To drive those problems home, the executive coaches which then speeded the heavy party to the 40,235 sq ft building set them down, next door, alongside an ominously empty 50,000 sq ft office block. But as agents Richard Ellis, architect Seifert, and developers Arundell were quick to point out, 100, Kings Road was of the "highest quality and design"—essential in today's oversupplied market.

After minimal activity in the lettings market in 1982, Reading has experienced a pick up this year, with over 100,000 sq ft finding tenants in the first six months. Even if Arundell have built the best office development in Reading, it still has to persuade a tenant to choose that particular town out of the many scattered "crosses" in London. Foster Wheeler, Energy, for example, said on Wednesday that it had looked seriously at 108 sites back in 1974 including Ipswich and Canterbury, before opting for Reading.

John Rameden, a Foster Wheeler director, was frank about the town's ratings. "Reading is not the pleasant shiny town of the glossy brochures. It's traffic problems are chronic and plainly self-inflicted, with viable solutions looking years away."

But he did go on to say that it is "lively, expanding, commercially aware, full of sound industries, happy retailers and prosperous service organisations."

As for Arundell House, it has funded a number of high quality developments in the south east and is expected to go public over the next couple of years. With a current development programme of around £40m, the few thousand pounds that the Orient Express cost to ferry so many prospective tenants into the building, will seem money well spent if it leads to a letting. Other companies will watch closely too. Those thinking of relocating should stand by for an invitation to fly to Canterbury in December.

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**THE DIRECTOR OF DEVELOPMENT**

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Total 5,982 sq. ft. approx

Available separately or as a single unit

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(Returnable by noon 9th December 1983)

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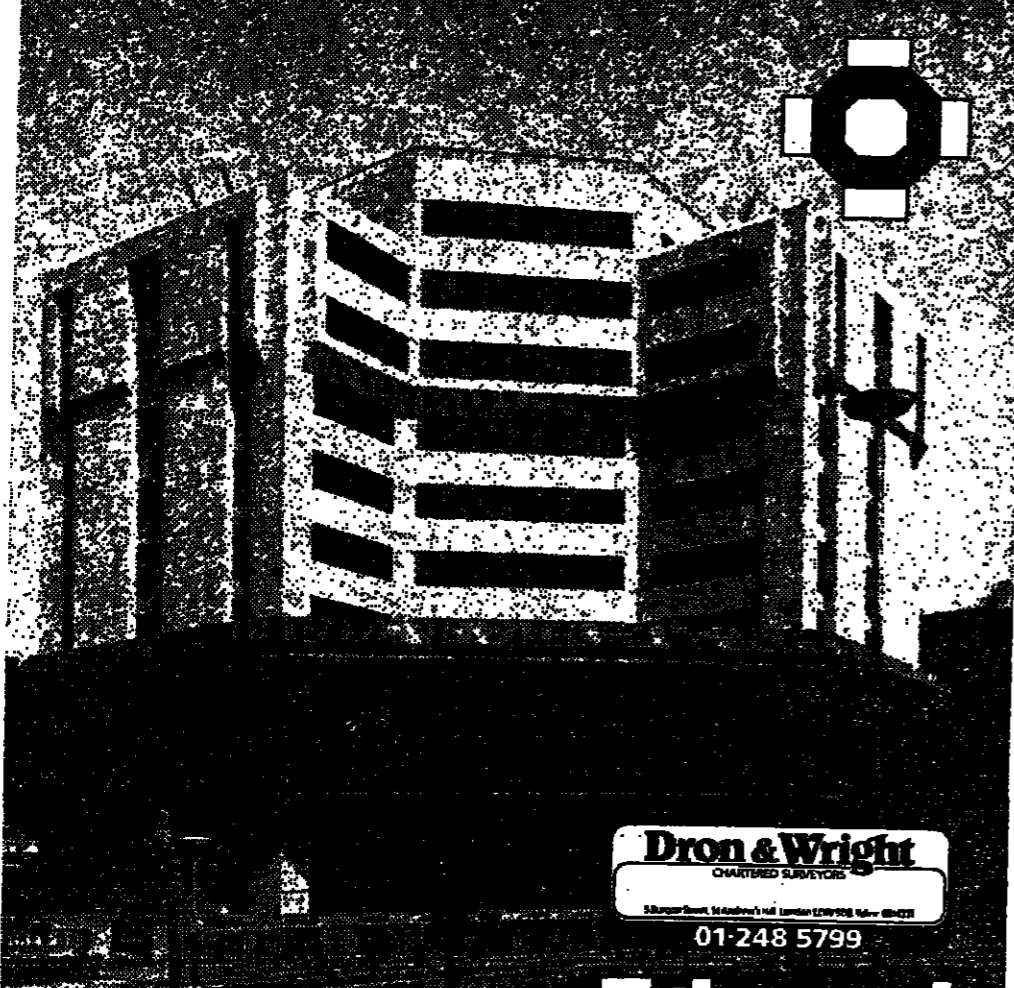
Office accommodation available in units of 500 to 4,000 square feet.

Bright, modern office units in the heart of Central Scotland. Only twenty minutes from Edinburgh and not much more from Glasgow. Refreshing, open outlook, unlimited free parking and convenient public transport. A wide range of shops and restaurants are nearby, and we guarantee housing for key employees. Of course, each unit is centrally heated and double glazed, and can be decorated and carpeted to your specification. And our competitive rents will come as a pleasant surprise.

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Move into a better neighbourhood. Contact James Pollock, Commercial Director, Livingston Development Corporation, Livingston, West Lothian, Scotland. Tel. 0506 414177 Telex 727178 Prestel 468117

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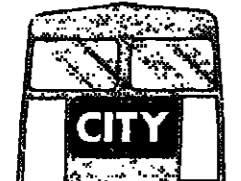


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Top two floors of superb air conditioned offices. To be let as a whole or in part up to 18,310 square feet. Available early 1984.

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12,000 - 55,000 sq. ft.

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There's a choice of unit factories ranging from 3500 sq ft to 26000 sq ft immediately available at Brackmills and Moulton Park. All units have mains services, central heating, office and parking space. A number of small business units of 1000 sq ft are available at Moulton Park. At Moulton Park Science Campus there are 76 acres of fully serviced sites in a pleasant parkland setting adjacent to Nene College (Education & Research Complex) and the Blackwood Hodge Business Management Centre. For more good news about the factory or site you can live with send for a free information pack.



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Northampton Development Corporation, 2-3 Market Square, Northampton NN1 2EN

**£50**

## IS THE COST OF STANDING ON YOUR OWN SQUARE FEET CRIPPLING YOU?

If you work in the vicinity of the West End we'd like you to take part in a little experiment. Place this advertisement on your office floor and stand on it. Get the point? Modern office space in London is very expensive. Up to £50.00 per square foot (inclusive of rent and rates). To be precise. Now we know what you're thinking. That this is an attempt to uproot you to some pre-fab no-man's land. Far from it. We're talking about Maidstone. And the Head Office of your design for around £10 per square foot, inclusive of rent and rates.

Maidstone is one of the oldest established towns in Kent. The M25 Orbital Motorway, which is due for completion very soon, will link Maidstone to all the UK motorway systems and London's airports.

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At the moment it's undeveloped, but ready to go. Once we've struck up the deal we will actually build the office to your specifications. An office designed specifically for your company.

Any deal is possible. Rent, leasehold, even freehold. Whichever, it will cost you around £10.00 per square foot and will make some £50.00 per square foot dwellings look more like nissan.huts.

But more about Maidstone. In practical terms Maidstone is around 40 minutes drive from London. Gatwick airport is only 40 minutes by car (Heathrow a little further). While Dover, Folkestone, and other European sea ports are even closer.

But the majority of your staff aren't going to be impressed by that. What about Maidstone as a place to live and raise a family? Well it's Kent's county town. With housing, schools, sports and leisure, entertainment and shopping facilities are as good as anywhere in England.

And, of course, there's the glorious fresh air and countryside. (Kent isn't called the Garden of England for nothing.) While a day at the seaside means a half hour run in the car.

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So why not come and talk to me, Peter Newell, Managing Director, Westminster Property Group plc at 43 Cover St, London WC1E 6ES. Tel: 01-6313361.

Make tracks for Maidstone

*Westminster Property Group plc.*

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Gateway to Europe  
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**ORWELL HOUSE**, a superb 60,000 square foot office development by Thomas Bates and Son, splendidly situated at the premier container port of Great Britain.

Constructed in six 10,000 square foot units. Each can be entirely independent or linked together. Units can be subdivided to provide suites of 2,500 square foot or smaller.

Built to the highest specifications on an attractively landscaped site, with

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A unique opportunity for companies to occupy a prime position in this important location.

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With Outline Planning Consent  
Offices 29,999 sq. ft.  
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Industrial Estate  
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80,000 sq. ft.

JOINT SOLE AGENTS:  
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Millbrook trading estate  
Single storey factory with offices  
56,500 sq ft  
For sale with vacant possession

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**WEYBRIDGE**  
Self-contained Modern Offices  
No user restriction  
8,250 Square Feet and Ample Parking.  
CLOSE M4 & M3  
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**AYLESBURY TOWN CENTRE**  
New High Quality Offices  
6,180 Sq. Ft. on 2 floors (will divide)  
Further Details Available Ref: IKC/JNH  
**01-248 5022**

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Chartered Surveyors

**68 Pall Mall - SW1**

**7,387 sq. ft.**  
**SUPERBLY REFURBISHED OFFICES**  
\*Two Lifts  
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**TO BE LET**

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01-499 0866

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Alan Wright, Town Hall, Rugby.  
Phone Rugby (0788) 77177 Ext. 394

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available in Birmingham for development of  
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City of Birmingham Development & Promotion Unit,  
Council House, Birmingham B1 1PP.  
Telephone: 021-235 2382  
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**CITY OF BIRMINGHAM**

**Edward Rushton**  
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**OFFICES, SW11**  
For Group 4 Total Security, Albert Bridge House, 6,105 sq. ft. refurbished offices plus car parking. To let.

**LEAD, KENT**  
For Microconcrete, Chatham, Kent Canterbury with access to Ashford Road A23, 11 acres. Excellent industrial development site for sale.

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6,700 sq ft self-contained modern suite. Substantial private parking. To let. May divide.

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**CATHARINE SCOTLAND** Urban Council  
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## FT COMMERCIAL LAW REPORTS

# Union immunity narrowed by 1982 Employment Act

MERCURY COMMUNICATIONS LTD v SCOTT GARNER

Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice May and Lord Justice Dillon): November 9 1983

A "TRADE dispute" is a dispute between workers and their employer which is predominantly about matters specific to their employment, and accordingly a dispute which is predominantly about political issues is not a trade dispute and is not a defence to proceedings in respect of losses caused by industrial action.

The Court of Appeal so held when allowing an appeal by Mercury Communications Ltd from Mr Justice Mervyn Davies's refusal to grant its application for an injunction to stop industrial action by the Post Office Engineering Union. The industrial action was part of the union's campaign to retain the traditional monopoly over telecommunications held by British Telecommunications Ltd (BT).

SIR JOHN DONALDSON said that in an industrial dispute the courts were on neither side. They had an independent role. Parliament made the law, and the courts' duty was simply to apply it as they understood it.

In the present case Mercury had been licensed under the Telecommunications Act 1981 to establish a telecommunications system within the UK. Its effective operation required interconnection with BT to enable BT subscribers to communicate with Mercury subscribers, and vice versa.

A right and duty of interconnection, inherent in the grant of the licence to Mercury, was formalised by agreement. On June 10 1983, when BT ordered employees to interconnect the two systems, the union replied with a call to action.

BT management effected some interconnections themselves. The union thereupon instructed its members to block Mercury shareholders and BT services at Mercury's premises, and threatened to take industrial action against Mercury customers.

Mercury issued a writ against the union on October 5 1983. There would be a full trial of the action. In the interim Mercury claimed that as a result of the industrial action, it was suffering huge losses which imperilled the future of its business.

It followed from the interim nature of the proceedings that the court's function was not to decide the issues between the parties, but to have regard to the likelihood of the union's establishing a defence at the trial (section 17(2) of the Trade Union and Labour Relations Act 1974).

It could be assumed that there was a serious issue to be tried as to whether the union had committed the torts of inducing breach of contract and interference with business by unlawful means.

The only defence which was relevant at the present stage was under section 19(1) of the 1974 Act as amended by the Trade Union and Labour Relations Act 1976.

Section 19(1) provided that an act done in furtherance of a "trade dispute" was not actionable in tort on the ground only that it induced breach of contract.

"Trade dispute" was defined by section 29(1) of the 1974 Act as amended by section 18 of the Employment Act 1982. Prior to amendment, "trade dispute" meant a dispute between employers and workers, or between workers and workers, which was "connected with" various subject matters including termination of employment.

As amended, section 29(1) provided that "trade dispute" meant a dispute between workers and their employer "which relates wholly or mainly to" the various subject matters.

That revision considerably narrowed the scope of "trade dispute". Disputes between workers and workers no longer qualified. Nor did disputes between workers and an employer, unless he was their employer.

Also, it was no longer sufficient that the dispute should be "connected with" one of the specified subject matters. It now had to relate "wholly or mainly to" that subject matter.

Mr Justice Mervyn Davies took the view, with regard to "is connected with" and "which relates to," that in the circumstances of the case, it did not matter which phrase was taken. He said the dispute related wholly or mainly to termination of employment, ie job losses, and that accordingly it was a "trade dispute" within section 29(1).

In context, the phrase "wholly or mainly relates to" directed attention to what the dispute was about, and if it was about more than one matter, what it was mainly about. What it did not direct attention to was the reason why the parties were in dispute about the matter.

The view that "relating to" meant "about" (in the sense of "concerning") rather than "approximately", was supported by *Robert v. Cleveland* [1979] ICR 659 and *Gardner* [1982] ICR 421, though in each case the words were used in a different context.

The most obvious way of finding out what a particular dispute was wholly or mainly about was to inquire what the men concerned (those who refused to interconnect the systems) said to management at the time. Unfortunately, there was no such evidence, but it was a fair inference from what was known that interconnection was contrary to their union's instructions.

The subject matter of the dispute between BT and its employees could legitimately be taken to be the same as that between the union and BT.

The union's general secretary had stated by affidavit that its dispute with BT was over the interconnection agreement with Mercury. He said: "BT have allowed a rival organisation to interconnect with its network. It is this fact which puts them at odds with my union." He went on to say that the cause of the dispute was that union members' jobs were at risk.

The evidence had to be looked at as a whole. It was impossible to conclude on the available evidence that the risk to jobs was a major part of what the dispute was about.

Additional evidence which was not before Mr Justice Mervyn Davies showed that a job security agreement was executed between BT and the union in September 1980. It was incon-

ceivable that, if the dispute was wholly or mainly about jobs, the union would not have approached BT asking for a guarantee of job security, or a strengthening of the job security agreement.

There was massive evidence that the union was waging a campaign against political decisions to liberalise the industry and to privatise BT. It was most unlikely that the union would be able to establish that there was a trade dispute between BT and its employees.

The judge misdirected himself. Also, additional evidence had been produced in the appeal which was highly relevant to the factual issues he had had to determine. The court was therefore bound to exercise afresh the discretion to grant interlocutory relief. *Hadmor Productions* [1983] AC 230, 232; *American Cyanamid* [1975] AC 396, 407.

Mercury had shown that there was a serious question to be tried and that it had a real prospect of succeeding in its claim for a permanent injunction. If it succeeded, it would not be adequately compensated by damages for the loss suffered as the result of industrial action pending the trial.

Mercury was in a relatively frail condition as a newcomer to the field and had very large sums invested in the project. New customers could not be attracted while industrial action was threatened. The losses would vastly exceed the maximum liability which could be imposed on the union, namely £250,000 (see section 16 of the Employment Act 1982).

If the union were to succeed at the trial in establishing its defence, it would be adequately compensated by an award under a cross-undertaking. The balance of convenience lay in protecting Mercury pending the trial of the action.

The appeal should be allowed. Lord Justice May and Lord Justice Dillon delivered concurring judgments. For Mercury: Robert Alexander QC, Alexander Irvine QC, Patrick Elias and Timothy Charles (Brd and Bnd). For the union: Christopher Carr QC and Cherie Booth (Lawford and Co.). By Rachel Davies Barrister.

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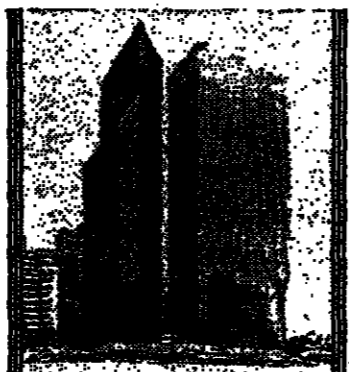
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## UK COMPANY NEWS

Central & Sheerwood  
changing strategy as  
recession still bites

REFLECTING THE depth of the recession in some of the operations, Central & Sheerwood has run into a loss in the first half of 1983.

And it would be imprudent to predict any significant improvement in trading in the second half over that experienced in the first six months, the directors warn shareholders.

They have a strategic plan aimed at considerably reducing borrowings and eventually changing the product mix and, as a first move, are disposing of Trianco-Reddy Group for £4.2m cash. That will reduce borrowings by a like amount and increase shareholders' funds by £1.3m.

They have also made a new move at board level with the appointment of a chief executive, the aim being to unify and strengthen control over group companies.

In the half-year group, turnover fell from £25m to £20.02m and trading profit was down by nearly £1m to £1.18m. After administration expenses and interest there was a loss of £118,000, compared with a profit of £278,000 for the corresponding period and with £41,000 for the whole of 1982. Taking a tax charge and minorities, leaves the attributable loss at £62,000 (profit £228,000) equal to a deficit of 10.8p (0.23p earnings) per share.

The decrease in turnover stemmed from poor demand for the group's capital goods in world markets, and very weak demand for some products in the distribution division. Also some subsidiaries were sold during the end of last year and are, therefore, excluded this time.

There are few signs of any major recovery in these areas of operations in the immediate future, the directors state.

## Losses mount at P. Panto

Higher pre-tax losses of £140,000 against £24,000 were incurred at P. Panto in the 24 weeks to June 10 1983.

This wholesale tobacconist, confectioner and grocer increased its turnover from £12.84m to £14.45m but suffered a loss at the trading level of £24,000 compared with a £21,000 profit.

The loss was further increased at the taxable level with the cost of finance rising to £116,000 (£105,000).

Redundancy costs have substantially added to the poor results and losses in 1983 will be high, the directors state.

Liverpool and Canning Town operations have been merged with those of Wrexham and Salford respectively. The company has reduced from 15 depots to 12 with approximately the same turnover.

The sales of the Maltstone and Hull warehouses have been completed and negotiations are in progress in connection with the remaining properties available. As a result of this and other

measures, company's aim is to reduce finance costs next year by approximately £30,000.

In 1984, the company will save £40,000 by reducing remuneration of directors.

In recognition of the action being taken and the time necessary for the plan to be reflected in the results, £500,000 of the overall facilities provided by company's bankers has been converted to a seven year loan with a two year capital repayment rest.

Next year will be the first complete year of operating from the enlarged branches and so the realistic target can only be to stand the large losses and achieve a near break-even situation.

For the period there were exceptional credits of £25,000 (£23,000) and extraordinary debits of £45,000 (nil), being branch and departmental closure costs and surplus on sale of good-will.

The company has close status. There is no dividend payment, the last being a final distribution of 0.3p in July 1982.

External Trust

The net asset value per £1 share of the External Investment Trust rose to 430.0p in the six months to September 30 1983. At the end of the corresponding period last year it was 368.4p.

Taxable revenue for the period was up at £516,553, against £428,556, including profit from the investment dealing subsidiary of £128,570, compared with £19,262.

Tax absorbed £261,566 (£189,731). The interim dividend payment is lifted to 5p (4.5p).

Electra Investment

As at September 30 1983, net asset value of Electra Investment Trust stood at 430.0p, up from 114.95p per 25p share, compared with 78.06p a year earlier.

Earnings per share for the six months to September were ahead from 1.02p to 1.79p and the interim dividend is stepped up to 1.617p (1.54p) net—last year's final was 1.76p.

First-half profits increased from £3,714 to £3,924, before tax of £4,342 (sum) and a minority credit of £5,000 (nil). Gross revenue amounted to £6,15m, against £5.74m.

Manufacturers of pneumatic control equipment

MARTONAIR INTERNATIONAL p.l.c.

Manufacturers of pneumatic control equipment

Interest  
trims  
Ansbacher  
to £1.15m

A FALL in interim taxable profits from £1.3m to £1.15m is reported by Henry Ansbacher Holdings, merchant banker.

Virtually static profits at the operating level of £1.54m (£1.53m) were trimmed by a holding company interest debit this time of £38,000 compared with a £122,000 credit.

All operations, except insurance broking, increased their contributions. Disclosed profit from banking rose from £0.46m to £0.58m, shipbroking increased to £161,000 against £129,000, trust management moved up to £179,000 (£172,000), and there was a £21,000 (nil) contribution from metal broking.

Profits from insurance broking declined by £198,000 to £573,000. The directors say that prospects for the second half are reasonably encouraging, although major improvement throughout the group will only come if and when world trade is up, and the shipping industry and metal markets come out of their very depressed state.

For the year to March 31 1983 the company recorded pre-tax profits of £2.22m (£23,000) and paid a single dividend of 3.5p.

Group turnover, excluding the banking division, for the opening half of the current year to September 30 1983 was £5.25m against £4.88m. Tax absorbed £52,000 (£56,000) giving an attributable balance of £94,000 (£101m). Earnings per 50p share on a net basis are given as 3.2p (4.1p) and on a nil basis 3.5p (4.5p).

During the last six months, the directors say the company has been devising video leasing, which is opening up a new range of retail outlets by supplying libraries of feature films for which the dealer pays

## Strong demand lifts Valor to £1.4m

THE 26 WEEKS ended September 30 1983 have been good for Valor. Turnover expanded from £24.6m to £33.95m and the profit before tax surged from £771,942 to £1.38m.

Mr M. Montague, chairman, says that prospects generally continue to look good and the company is assured of a record financial outcome. Recently, production has been increased further, though the extent to which this can continue to be justified remains to be seen.

Principal reason for the good half is the "excellence and success" of the company's products, particularly the new Valor Vogue gas cooker and the Valor Home range. The general upturn in consumer spending has been less helpful to the overall sale of gas appliances than other household goods, he explains.

"The company's gain has come primarily from its ability to innovate, which shows no sign

of diminishing. The next range of products, not yet on the market, is every bit as good," the chairman claims.

The engineering division has made a useful contribution, improved by no longer having to bear the losses of Valor Part-ridge, the drop forging operation which ceased to trade in August.

Throughout the group, during the period under review, the total workforce has been increased by over 300 people.

Overseas subsidiaries have traded well, and the export performance also has been good. After tax of £345,810 (£217,351) the net profit for the half year came out at £1.01m (£594,491).

Earnings were 5.05p (3.92p) basic and 5.72p (3.73p) fully diluted. The interim dividend on capital increased by the rights issue of February is 1.074p (0.884p)—the total for the year 1982-83 was 3.5p paid from pre-tax profits of £2.65m.

Of the company's oil and gas interests, the trial well in the English Channel has been completed at a total cost to Valor of £220,000.

The consortium leader has described the outcome as an "exploration success and an economic disappointment." It will not be until the spring of 1985 that it will be appropriate to conduct the next trial well.

Modest income from U.S. oil and gas, where company has ten small wells in Ohio, has been above expectation, which will be helpful to the tax situation.

comment

Given that demand for gas appliances does not seem to be benefiting very much from the current consumer spending spree, Valor has done well to boost first-half sales by 38 per cent, a figure which must reflect a volume gain of at least a quarter.

It is difficult to explain this fully but the company's explanation does at least sound feasible—that it has a design edge on its competitors. Valor claims that its gas log fire is the only one of its kind on the market and one of its cookers is a "first" with its fold-down flat top. If products like these can steal market share, then there is every hope that the growth trend can be sustained through the new range, which carries the "promise" of being equally innovative. Elsewhere, the company has put its toe into the lucrative U.S. market but it is still early days for any appreciable return. The same can be said for the more speculative oil and gas exploration venture. Nevertheless, at least £3.5m pre-tax looks possible this year which, if taxed at the rate of 20 per cent, puts the shares 133p down 4p on a prospective p/e of over 7.

comment

Given that demand for gas appliances does not seem to be benefiting very much from the current consumer spending spree, Valor has done well to boost first-half sales by 38 per cent, a figure which must reflect a volume gain of at least a quarter.

comment

Given that demand for gas appliances does not seem to be benefiting very much from the current consumer spending spree, Valor has done well to boost first-half sales by 38 per cent, a figure which must reflect a volume gain of at least a quarter.

British  
Borneo  
rises to  
£0.86m

AN UPTURN in pre-tax profits from £485,000 to £585,000 is reported by British-Borneo Petroleum Syndicate for the half year to the end of September 1983. Comparative figures have been adjusted following changes in accounting policy.

The net interim dividend is lifted from 4.35p to 5p. In the last full year a final of 8.45p was also paid.

The company carries on business as an investment holding and dealing company. Total market value of listed investments came to £19.24m (£15.46m at March 31) showing an unrealised appreciation of £15.68m (£11.85m).

Total income of £1.13m (£782,000) included profit on dealing activities which expanded from £47,000 to £375,000. Short-term interest received and other income increased from £53,000 to £67,000. Income from investments was the same again at £368,000, and from oil and gas-producing properties income grew from £19,000 to £83,000.

There were exchange losses of £3,000 compared with profits of £86,000.

Pre-tax profits were struck after charging amortisation of U.S. oil and gas producing properties of £22,000 (£28,000). Administration expenses took £58,000 (£55,000) and consultants fees £38,000 (£32,000).

Interest payable was down from £190,000 to £154,000. Expenditure on Canadian oil and gas exploration ventures was £2,000 (same).

## Intervention down but optimistic

AN 8.5 per cent decline in pre-tax profits from £586,000 to £539,000 has been shown by Intervision Video for the year to the end of June 1983. Turnover of this distributor of pre-recorded video cassettes expanded from £5.67m to £6.82m.

The final dividend of the company, which arrived on the USM in March this year, is held at 0.5p, which maintains the total at 1p.

During the last six months, the directors say the company has been devising video leasing, which is opening up a new range of retail outlets by supplying libraries of feature films for which the dealer pays

a fixed weekly charge for a contracted period of either nine months or a year.

The company is now one of the largest in this field and is aiming specifically at tobacconists, garages, off-licences and other outlets where video tape libraries are presently not installed.

The growth of this business since May of this year, although small as yet, has been dramatic. The company is also looking closely at ancillary areas of investment within software communications since distribution of software for personal computers and related equipment is a natural adjunct for the company's distribution organisation.

At the trading level profits declined from £781,000 to £509,000—last time there were exceptional debits of £28,000.

Tax this time came to £204,000 after which extraordinary debits of £217,000 (£7,000) included compensation of £75,000 to former directors, £115,000 US\$ application costs, and £31,000 in abortive merger negotiation costs.

Basic net earnings per 10p share, excluding extraordinary items fell from 3.72p to 1.7p—on a nil distribution basis they fell from 3.72p to 2.12p.

Great Portland  
£0.69m lower

Exceptional repairs arising on the refurbishment of buildings cast Great Portland Estates £565,000 more at £320,000 in the six months ended September 30 1983 and reduced the group's profits at the pre-tax level from £8.21m to £7.52m.

However, after a much lower tax charge of £3.45m, compared with £4.15m, available profits were maintained at £4.07m and the interim dividend is being held at 1p net per 50p share.

Gross rental income improved from £8.01m to £8.45m. In their report for the 1982-83 year the directors said they remained confident about the long-term growth prospects of the group.

comment

comment

comment

comment

## FIRST NINE MONTHS - 1983

# Ultramar

## MEETING THE CHALLENGES

## Review of Ultramar Group Financial Results and Operations

## Summary of Financial Results

	First Nine Months 1983 £ million	First Nine Months 1982 £ million
Turnover	1,332.5	1,033.8
Profit on ordinary activities before taxation	113.2	131.8
Profit on ordinary activities after taxation	74.8	73.5
Cash flow from operations	96.2	110.9
Capital expenditures	236.9	138.0

## Extracts from the Chairman's Statement:

The third quarter results were an improvement over the second quarter. The main profit centres continue to be our oil and gas producing operations in Indonesia, the North Sea and Western Canada. Marketing operations in the Western United States and the U.K. also had a profitable third quarter, but our large refining and marketing interests in Eastern Canada continue to be disappointing.

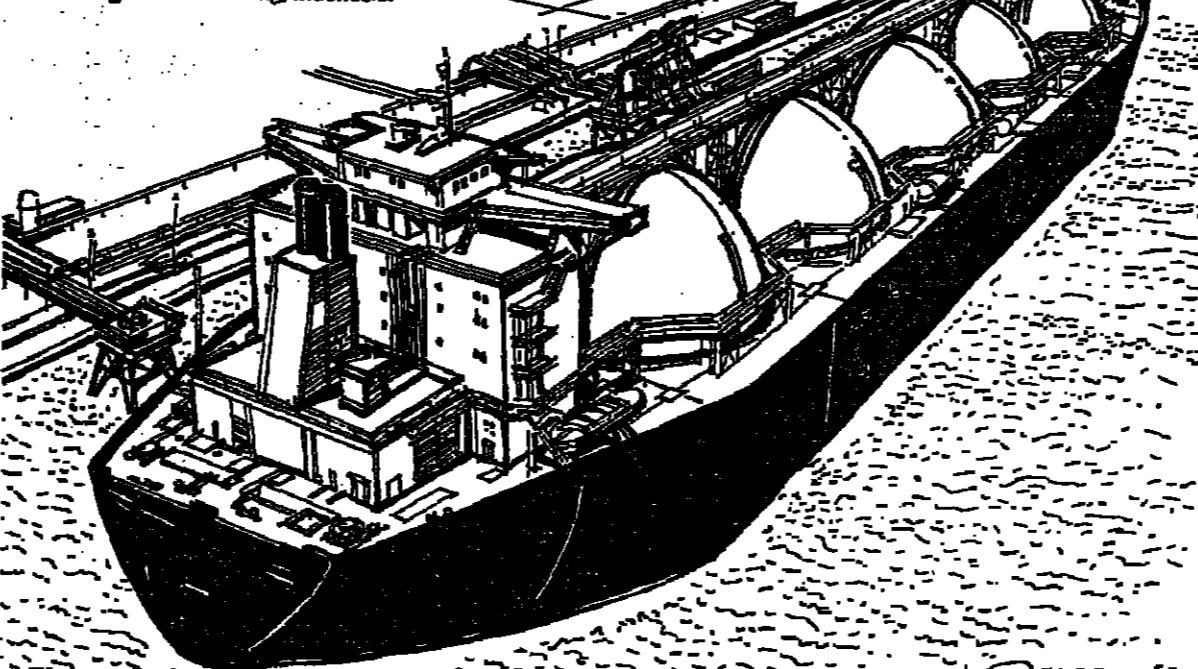
The main projects in our two year expansion and modernisation programme have now been completed and should begin to have an impact on profits in the fourth quarter. The two new LNG trains in Indonesia and the catalytic cracking unit at the Quebec Refinery are on stream and have operated above design capacities. The LNG train damaged in an accident earlier this year has been repaired and is operating. The North Sea Maureen Field is on production and expected to reach its full capacity early next year.

"We have been informed that, subject to the requisite consents, we were successful in purchasing four units totalling one per cent of the Forties Field for a total consideration of £30 million."

"The oil industry is gradually adjusting to the changed world, but there are still excess production, refining, marketing and transportation facilities. Economics dictate caution in the commercial development of new oil and gas discoveries; refineries have to be sophisticated or shut down; marketing is becoming more selective and requires innovative thinking and ships need special features to make them competitive. Ultramar is meeting these challenges."

ARNOLD LORBEER  
Chairman  
10th November 1983

Loading LNG at Bontang, Indonesia.



Consolidated Profit and Loss Account	First Nine Months 1983 £ million	First Nine Months 1982 £ million	Year 1982 £ million
Turnover	1,332.5	1,033.8	1,513.3
Cost of Sales	1,155.9	843.8	1,246.1
Gross profit	176.6	190.0	267.2
Distribution costs and administrative expenses	79.4	63.7	93.4
Other operating income	26.2	24.8	32.7
Interest payable	123.4	151.1	206.5
Profit on ordinary activities before taxation	113.2	131.8	183.5
Taxation on profit on ordinary activities	38.4	58.3	79.4
Profit on ordinary activities after taxation	74.8	73.5	104.1
Ordinary Shares dividends 1983—Interim 6p per share (1982 5 1/2p per share)	8.1	5.9	5.9
1982—Final 4 1/2p per share	—	—	10.3
Advance Corporation Tax written off	4.8	2.6	3.0
	12.9	8.5	19.2
Earnings retained for the period	£61.9	£65.0	£84.9
Earnings per share	57.3p	65.0p	91.9p

Principal translation and conversion exchange rates used by the Group are:

	30th September 1983	30th September 1982	31st December 1982
£1 equals US\$	1.50	1.70	1.62
£1 equals Can\$	1.84	2.09	1.99

Operating Results	First Nine Months 1983	First Nine Months 1982
Sales of oil (barrels per day)	209,600	175,300
Oil refined (barrels per day)	81,800	87,800
Oil produced (barrels per day)	9,200	9,200
Gas produced (thousands of cubic feet per day)	151,900	173,700
Gross wells drilled	104	111
Oil and gas wells completed (in which the Group has varying interests)	71	64



# Ultramar

Morgan House, 1 Angel Court  
London EC2R 7AU

For a copy of the full Review of Group Financial Results and Operations for the Nine Months to 30th September 1983 please complete and return the coupon to the Company Secretary at the above address.

Name \_\_\_\_\_

Address \_\_\_\_\_

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# CUMBRIA

DECEMBER 9, 1983

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The size, contents and publication dates of all Surveys are subject to change at the discretion of the Editor.

Continued on Page 35

مرکز اسناد

# AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month	Stock	Div	Yld	P	St	High	Low	Open	Close	12 Month	Stock	Div	Yld	P	St	High	Low	Open	Close
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## RECENT ISSUES

## EQUITIES

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100

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Who put  
the Flare into  
AVI?

**Scunthorpe**

INDUSTRIAL DEVELOPMENT AND ENTERPRISE AGENCY  
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### BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603
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Head Office: Osaka, Japan  
 London Branch: Tel (01) 588-0341  
 Frankfurt Branch: Tel (0671) 55 02 31  
 Dawa Bank (Capital Management) Limited,  
 London: Tel (01) 726-6801/3

1983		Stock	Price	+ or -	Div. Yld	C'w	Yld Cr%
High	Low						

**NOTES**

[illegible]

Forecast dividend; cover on earnings updated by latest interim statement.  
Cover allows for conversion of shares not now ranking for dividends

Lower does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.

Fr. Belgian Francs. Fr. French Francs. 55 Yield based on  
Treasury Bill Rate stays unchanged until maturity of stock.

at free. **g** Figures based on prospectus or other official estimate.  
**h** Dividend rate paid or payable on part of capital, covered  
 on dividend on full capital. **i** Redemption yield. **j** Flat yield.  
**k** Current dividend and yield. **l** 5-year average dividend and yield above price.

a. Interest on foreign debt. b. Interest on foreign debt. c. Interest on foreign debt. d. Interest on foreign debt. e. Interest on foreign debt. f. Interest on foreign debt. g. Interest on foreign debt. h. Interest on foreign debt. i. Interest on foreign debt. j. Interest on foreign debt. k. Interest on foreign debt. l. Interest on foreign debt. m. Interest on foreign debt. n. Interest on foreign debt. o. Interest on foreign debt. p. Interest on foreign debt. q. Interest on foreign debt. r. Interest on foreign debt. s. Interest on foreign debt. t. Interest on foreign debt. u. Interest on foreign debt. v. Interest on foreign debt. w. Interest on foreign debt. x. Interest on foreign debt. y. Interest on foreign debt. z. Interest on foreign debt.

Dividend: cover relates, to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. y Dividend cover in excess of 100

1. y Dividend and yield based on merger terms. 2 Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield, B Preference dividend passed or

Dividend and yield based on prospectus or other official estimates for 3-84. **6** Assumed dividend and yield after pending scrip and/or

estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on

pectus or other official estimates for 1982-83. P Figures based on  
pectus or other official estimates for 1983. Q Gross. T Figures  
ased. Z Dividend total to date.

revisions:  $\Delta d$  ex dividend;  $\Delta s$  ex scrip issue;  $\Delta r$  ex rights;  $\Delta n$  ex  
 $\Delta c$  ex capital distribution.

## REGIONAL AND IRISH

## REGIONAL AND IRISH STOCKS

Following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

any Inv. 20p	62	.....	Flu. 13% 97/02	195	+3
Wtr. Est. 50p	295	.....	Alliance Gas	79	.....
g & Royce	100	.....	Arnot	216	.....

ty Pkg. 5p.....	35	Carroll (P.J.).....	99	+1
ans Brew.....	83	Concrete Prod.....	75	
(Jon) 25p.....	910	Hendon (Higgs).....	17	

IRISH	Irish Roper	342
12% 1985...	Jacob	13
	T.M.G.	15

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## OPTIONS

### 3-month Call Rates

House of Fraser	20	Old Drapery	22
I.C.I.	45	Vickers	12
"Imps"	11	Woolworth Mid.	30

20	7	Property
15	22	Brk. Land
45	17	

Circle 45	Life Savers Bank	45	Cap. Counties	14
Circle 46	"Loft"	46	Land Sec.	28
Circle 72	London Bank	4	MEPC	28

Aerospac	19	Lucas Ind.	15	Peachey	16
T.	14	"Mam"	14	Samuel Props.	21
an (1)	31	Mrs. & Sonz	20	Town & City	4

Ord.	35	Midland Bank	40	Oils
Exys	11	N.E.L.	10	Gril. Petroleum
Trade	10	Nat. West. Bank	55	

14	P & O Bid	21	Burnham Oil	17
20	Piersey	19	Chemical	9
6	Racial Elect	20	KCA	6

E. Star	45	R.N.M.	7	Premier	6
F.C.	52	Rank Org. Ord.	20	Shell	58
Accident	42	Reed Intl.	32	Tricentral	22

18	Seah	8	Oldham	13
75	T.J.	13		
30	Tesco	17	Wines	
69	Tenax East	22		

... ..	36	Town & Country	39	Charles, Cons.	28
... ..	45	Trusthouse	16	Cons. Gold	50
... ..	14	Turner & Newell	7	Lorain	9
... ..	28	Union	70	Pan Am	62

A selection of Options traded is given on the  
London Stock Exchange Report page

"Recent Issues" and "Rights" Page 33

service is available to every Company dealt in on Stock  
exchanges throughout the United Kingdom for a fee of £700  
per annum for each security.

permanently for some property

[illegible][illegible]

191	Scottish Fire	190	1	27	1.0	1.0	3.5	3.5
192	Scott & McEw	277	1	47	0.7	0.6	1.4	1.4
193	Scotts' & Sons, Ltd.	277	1	47	0.7	0.6	1.4	1.4
194	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
195	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
196	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
197	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
198	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
199	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
200	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
201	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
202	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
203	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
204	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
205	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
206	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
207	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
208	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
209	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
210	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
211	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
212	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
213	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
214	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
215	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
216	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
217	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
218	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
219	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
220	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
221	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
222	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
223	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
224	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
225	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
226	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
227	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
228	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
229	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
230	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
231	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
232	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
233	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
234	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
235	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
236	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
237	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
238	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
239	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
240	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
241	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
242	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
243	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
244	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
245	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
246	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
247	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
248	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
249	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
250	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
251	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
252	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
253	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4
254	Sec. Atlantic	156	1	37	0.7	0.6	1.4	1.4

Finance, Land, etc.								
1901	Land	Stock	Price	Div.	Net	Ym	P/E	
276	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
277	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
278	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
279	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
280	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
281	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
282	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
283	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
284	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
285	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
286	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
287	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
288	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
289	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
290	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
291	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
292	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
293	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
294	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
295	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
296	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
297	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
298	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
299	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
300	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
301	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
302	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
303	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
304	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
305	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
306	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
307	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
308	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
309	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
310	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
311	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
312	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
313	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
314	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
315	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
316	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
317	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
318	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
319	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
320	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
321	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
322	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
323	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
324	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
325	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
326	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
327	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
328	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
329	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
330	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
331	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
332	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
333	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
334	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
335	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
336	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
337	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
338	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
339	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
340	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
341	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
342	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
343	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
344	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
345	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
346	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
347	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
348	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
349	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
350	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
351	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
352	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
353	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6
354	Albrights 10p	200	1	1	2.8	0.5	1.6	1.6

[illegible][illegible]

# AUTHORISED UNIT TRUSTS

Unit Name	Unit Price	Unit Price	Unit Price
Abbey Unit Trust (A) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (B) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (C) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (D) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (E) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (F) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (G) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (H) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (I) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (J) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (K) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (L) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (M) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (N) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (O) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (P) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Q) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (R) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (S) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (T) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (U) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (V) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (W) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (X) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Y) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Z) Ltd.	1.34	1.34	1.34

# FT UNIT TRUST INFORMATION SERVICE

Unit Name	Unit Price	Unit Price	Unit Price
Abbey Unit Trust (A) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (B) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (C) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (D) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (E) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (F) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (G) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (H) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (I) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (J) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (K) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (L) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (M) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (N) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (O) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (P) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Q) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (R) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (S) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (T) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (U) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (V) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (W) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (X) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Y) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Z) Ltd.	1.34	1.34	1.34

Unit Name	Unit Price	Unit Price	Unit Price
Abbey Unit Trust (A) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (B) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (C) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (D) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (E) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (F) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (G) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (H) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (I) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (J) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (K) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (L) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (M) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (N) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (O) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (P) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Q) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (R) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (S) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (T) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (U) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (V) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (W) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (X) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Y) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Z) Ltd.	1.34	1.34	1.34

# INSURANCES

Unit Name	Unit Price	Unit Price	Unit Price
Abbey Unit Trust (A) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (B) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (C) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (D) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (E) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (F) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (G) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (H) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (I) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (J) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (K) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (L) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (M) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (N) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (O) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (P) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Q) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (R) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (S) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (T) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (U) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (V) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (W) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (X) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Y) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Z) Ltd.	1.34	1.34	1.34

# Authorised Units—continued

Unit Name	Unit Price	Unit Price	Unit Price
Abbey Unit Trust (A) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (B) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (C) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (D) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (E) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (F) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (G) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (H) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (I) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (J) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (K) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (L) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (M) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (N) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (O) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (P) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Q) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (R) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (S) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (T) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (U) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (V) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (W) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (X) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Y) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Z) Ltd.	1.34	1.34	1.34

# Offshore and Overseas—continued

Unit Name	Unit Price	Unit Price	Unit Price
Abbey Unit Trust (A) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (B) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (C) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (D) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (E) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (F) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (G) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (H) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (I) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (J) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (K) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (L) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (M) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (N) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (O) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (P) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Q) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (R) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (S) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (T) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (U) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (V) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (W) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (X) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Y) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Z) Ltd.	1.34	1.34	1.34

# Insurances—continued

Unit Name	Unit Price	Unit Price	Unit Price
Abbey Unit Trust (A) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (B) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (C) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (D) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (E) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (F) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (G) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (H) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (I) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (J) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (K) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (L) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (M) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (N) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (O) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (P) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Q) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (R) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (S) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (T) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (U) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (V) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (W) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (X) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Y) Ltd.	1.34	1.34	1.34
Abbey Unit Trust (Z) Ltd.	1.34	1.34	1.34

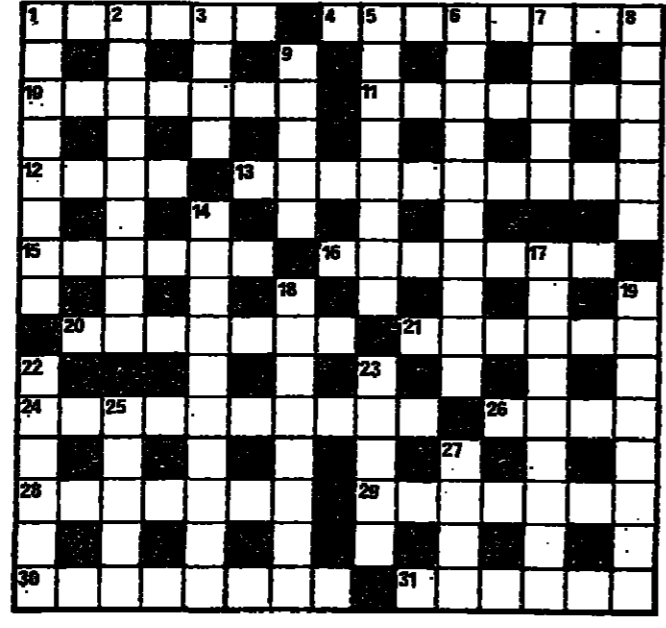
# F.T. CROSSWORD PUZZLE No. 5,266

## ACROSS

- 1 Beater getting money back? (6)
- 2 Workers on holiday? Don't interfere! (5, 3)
- 3 Drunk's address, we hear, from American general? (7)
- 4 12 High spot for Milligan outside cafe with two pounds (7, 4)
- 5 Not far from the hour in the middle (10)
- 6 Nobleman in New York? Not quite (6)
- 7 Where soldiers show their disapproval? (7)
- 8 New taps needed in the kitchen? (4, 3)
- 9 It gives a subjective view (6)
- 10 All the players can do about saucy love and anger (10)
- 11 Least tended possibly but they don't sting (4, 7)
- 12 Chopper returning to pit-check (7)
- 13 Bird from Cape William? (8)
- 14 Little insult (6)

## DOWN

- 1 Flowers in the shade? (4, 4)
- 2 Early TV for a holiday of rapid duration? (9, 4)
- 3 Dog Latin as a translation (8)
- 4 Trained man to be an actor (4, 6)
- 5 Visible round green (5)



8, 9 Effect of a drop of spirit could be the devil (6, 5)

14 Its members make their own arrangements (6, 4)

17 Minding about cat or dog on the floor? (9)

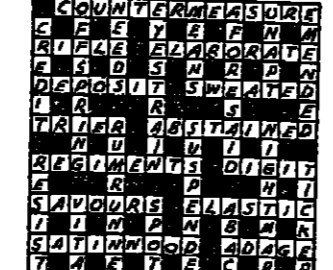
18 Wake up between numbers in a show (8)

19 Treading unevenly due to slope (8)

22, 23 Chips fries (6, 5)

25, 27 Perpetual motion, by Rubens? (5, 4)

Solution to Puzzle No. 5,265



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- Share Market Report

## INSURANCE & OVERSEAS MANAGED FUNDS

[illegible][illegible][illegible][illegible]

## OFFSHORE AND OVERSEAS

[illegible]

1941	Found Inc.	1000	When Int. Fin'd	850.58	0.771
1942	Found Inc.	1000			
1943	Found Inc.	1000			
1944	Found Inc.	1000			
1945	Found Inc.	1000			
1946	Found Inc.	1000			
1947	Found Inc.	1000			
1948	Found Inc.	1000			
1949	Found Inc.	1000			
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1951	Found Inc.	1000			
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1953	Found Inc.	1000			
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1968	Found Inc.	1000			
1969	Found Inc.	1000			
1970	Found Inc.	1000			
1971	Found Inc.	1000			
1972	Found Inc.	1000			
1973	Found Inc.	1000			
1974	Found Inc.	1000			
1975	Found Inc.	1000			
1976	Found Inc.	1000			
1977	Found Inc.	1000			
1978	Found Inc.	1000			
1979	Found Inc.	1000			
1980	Found Inc.	1000			
1981	Found Inc.	1000			
1982	Found Inc.	1000			
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1984	Found Inc.	1000			
1985	Found Inc.	1000			
1986	Found Inc.	1000			
1987	Found Inc.	1000			
1988	Found Inc.	1000			
1989	Found Inc.	1000			
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2004	Found Inc.	1000			
2005	Found Inc.	1000			
2006	Found Inc.	1000			
2007	Found Inc.	1000			
2008	Found Inc.	1000			
2009	Found Inc.	1000			
2010	Found Inc.	1000			
2011	Found Inc.	1000			
2012	Found Inc.	1000			
2013	Found Inc.	1000			
2014	Found Inc.	1000			
2015	Found Inc.	1000			
2016	Found Inc.	1000			
2017	Found Inc.	1000			
2018	Found Inc.	1000			
2019	Found Inc.	1000			
2020	Found Inc.	1000			
2021	Found Inc.	1000			
2022	Found Inc.				



## CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar surge runs out of steam

The dollar lost ground yesterday with trading subdued ahead of today's closure of many U.S. centres and also parts of Europe. Underlying factors failed to provide any fresh stimulus although the Middle East situation, currency success of U.S. Treasury note auctions has pushed U.S. interest rates down a little while a smaller than expected rise in the U.S. wholesale price index increased the scope for the authorities to adopt a slightly more relaxed stance with regard to credit policies and interest rates.

Sterling recovered from a weaker start to finish unchanged on the day. DOLLAR—Trade weighted index (Bank of England) 127.5 against 127.4 six months ago. The dollar has been appreciating steadily in recent weeks and is once again at or threatening the record levels reached in August. Growing tension around the world is supporting the currency but an equal factor is speculation that the banking and Treasury authorities and an expected rise in the money supply will combine with inflationary pressures from strong economic recovery to prevent the Bank of England from raising its base rate.

The dollar closed at DM 2.6500 from DM 2.67 against the D-mark and SwFr 2.1550 from SwFr 2.17. Against the yen it fell to Y234.50

from Y235.55 and FFfr 8.0925 from FFfr 8.13. STERLING—Trading range against the SwFr in 1983 is 1.6235 to 1.6490. October average 1.6477. Trade weighted index 83.9 against 83.8 at noon and 83.7 in the morning, compared with 83.9 a Wednesday and 83.9 six months ago. The pound has drifted slightly against the dollar but has tended to move up with the dollar against Continental currencies. This trend has been encouraged by unmet conditions in the Middle East and the threat to Western oil supplies plus fading hopes of further cuts in clearing bank base rates.

Sterling traded between \$1.4940 and \$1.4940 against the dollar, picking up from a very quiet morning on demand in the U.S. It finished at \$1.4940, a rise of 55 points. It

ended slightly against the D-mark to DM 2.6500 from DM 2.67. The D-mark is losing ground to the dollar once again and could threaten the 10-year low touched in August. Although German interest rates are relatively firm, partly reflecting concern about money supply growth expectations that U.S. rates will remain high, coupled with concern about tension in the Middle East, have returned the dollar to favour.

The dollar was weaker at yesterday's fixing in Frankfurt, falling to DM 2.6630 from DM 2.6747. The Bundesbank sold \$29.3m at the fixing. Trading was rather quiet ahead of the weekend in the U.S. and parts of Europe. Sterling fell to DM 3.9570 from DM 3.9680 while the Belgian franc slipped to DM 4.92 per BF 100 from DM 4.9300. The French franc was also lower at DM 32.86 per FF 100 from DM 32.975.

JAPANESE YEN—Trading range against the dollar in 1983 is 246.90 to 256.50. October average 252.54. Trade weighted index 153.2 against 149.9 six months ago. The yen is a little higher than the weakest levels touched against the dollar during the summer and has gained ground against European currencies, rising to record levels against the D-mark, despite the recent cut in the Bank of Japan discount rate. It has been explained by the stated determination of the authorities to defend the yen.

Measures designed to strengthen the yen were announced after the close of business in Tokyo yesterday. These were broadly in line with market expectations however with little immediate effect on exchange rates anticipated. The dollar closed at Y234.50 down from Y235.55 at the opening and Y236.7 on Wednesday.

## FINANCIAL FUTURES

## Eurodollars firm

Euro-dollar prices were a little firmer in the London International Financial Futures Exchange yesterday. The market reacted to Wednesday's successful 10 year Treasury note auction with increased optimism ahead of the last night 30 year auction. Good demand for the Government's latest refunding package pushed yields lower and bond prices reacted favourably in early U.S. trading. Euro-dollar cash rates were also easier following a smaller than expected rise in the U.S. Wholesale Price Index. This was taken as a further indication that U.S. interest rates may not have to be kept as firm in order to control the rate of economic recovery. The December Euro-dollar price opened at 90.21 up from 90.18 and touched a best level of 90.23 before finishing at 90.23. Gilt prices opened on a firmer note and then showed little move-

ment in rather quiet trading. Just ahead of the lunchtime period however prices moved ahead, with U.S. bond prices endorsing the trend by opening much firmer. Trading was rather quiet in the afternoon with one leading British firm of stock jobbers buying aggressively. Sentiment may have been improved on news that the Cabinet had concluded its deliberations on UK public expenditure without any major upsets. Sterling's recovery towards the close of trading was also a contributory factor. The December price opened at 109.19 and finished at its best level of the day at 109.26 up from 108.12. Dealers also noted signs of modest interest in the March contract.

Short sterling prices were a touch firmer, benefiting from a softer cash market. The March price rose to 90.61 from 90.58, having opened at 90.59.

## EMS EUROPEAN CURRENCY UNIT RATES

Country	ECU	Current rate	% change from 1982	% change from 1981	% change from 1980
Belgium	44.8000	45.3927	+2.43	+1.76	+1.54
Denmark	1.4700	1.4503	+0.17	+0.48	+1.42
France	1.3660	1.3571	+0.66	+0.82	+1.42
Germany	1.3660	1.3571	+0.66	+0.82	+1.42
Italy	1.3660	1.3571	+0.66	+0.82	+1.42
Netherlands	1.3660	1.3571	+0.66	+0.82	+1.42
Portugal	1.3660	1.3571	+0.66	+0.82	+1.42
Spain	1.3660	1.3571	+0.66	+0.82	+1.42
Switzerland	1.3660	1.3571	+0.66	+0.82	+1.42
United Kingdom	1.3660	1.3571	+0.66	+0.82	+1.42
Yugoslavia	1.3660	1.3571	+0.66	+0.82	+1.42

Changes are for ECU, therefore positive change denotes a weaker currency. Adjustment calculated by Financial Times.

## OTHER CURRENCIES

Nov. 10	Nov. 10	Nov. 10	Nov. 10	Nov. 10	Nov. 10
Argentina Peso	16.85-16.85	16.85-16.85	Australia Dollar	1.4940-1.4940	1.4940-1.4940
Brazil Cruzeiro	1,550-1,550	1,550-1,550	Canada Dollar	1.4940-1.4940	1.4940-1.4940
Chilean Peso	14.11-14.11	14.11-14.11	Denmark Krone	1.4940-1.4940	1.4940-1.4940
Colombian Peso	1,550-1,550	1,550-1,550	France Franc	1.4940-1.4940	1.4940-1.4940
Czech Koruna	1,550-1,550	1,550-1,550	Germany Mark	1.4940-1.4940	1.4940-1.4940
Indian Rupee	1,550-1,550	1,550-1,550	Italy Lira	1.4940-1.4940	1.4940-1.4940
Israeli Sheqel	1,550-1,550	1,550-1,550	Netherlands Guilder	1.4940-1.4940	1.4940-1.4940
Kuwaiti Dinar	1,550-1,550	1,550-1,550	Portugal Escudo	1.4940-1.4940	1.4940-1.4940
Lebanese Lira	1,550-1,550	1,550-1,550	Spain Peseta	1.4940-1.4940	1.4940-1.4940
Malaysian Ringgit	1,550-1,550	1,550-1,550	Sweden Krona	1.4940-1.4940	1.4940-1.4940
New Zealand Dollar	1,550-1,550	1,550-1,550	Switzerland Franc	1.4940-1.4940	1.4940-1.4940
Saudi Arab Riyal	1,550-1,550	1,550-1,550	United States Dollar	1.4940-1.4940	1.4940-1.4940
Singapore Dollar	1,550-1,550	1,550-1,550	Yugoslavia Dinar	1.4940-1.4940	1.4940-1.4940
South African Rand	1,550-1,550	1,550-1,550			
U.S. Dollar	1,550-1,550	1,550-1,550			

\* Selling rate.

## THE POUND SPOT AND FORWARD

Nov. 10	Nov. 10	Nov. 10	Nov. 10	Nov. 10	Nov. 10
U.S.	1.4940-1.4940	1.4940-1.4940	Canada	1.4940-1.4940	1.4940-1.4940
France	1.4940-1.4940	1.4940-1.4940	Germany	1.4940-1.4940	1.4940-1.4940
Italy	1.4940-1.4940	1.4940-1.4940	Netherlands	1.4940-1.4940	1.4940-1.4940
Portugal	1.4940-1.4940	1.4940-1.4940	Spain	1.4940-1.4940	1.4940-1.4940
Sweden	1.4940-1.4940	1.4940-1.4940	Switzerland	1.4940-1.4940	1.4940-1.4940
Denmark	1.4940-1.4940	1.4940-1.4940	Belgium	1.4940-1.4940	1.4940-1.4940
Japan	1.4940-1.4940	1.4940-1.4940	Australia	1.4940-1.4940	1.4940-1.4940
South Africa	1.4940-1.4940	1.4940-1.4940	Yugoslavia	1.4940-1.4940	1.4940-1.4940
India	1.4940-1.4940	1.4940-1.4940	Colombia	1.4940-1.4940	1.4940-1.4940
Chile	1.4940-1.4940	1.4940-1.4940	Peru	1.4940-1.4940	1.4940-1.4940
Brazil	1.4940-1.4940	1.4940-1.4940	Argentina	1.4940-1.4940	1.4940-1.4940
Uruguay	1.4940-1.4940	1.4940-1.4940	Venezuela	1.4940-1.4940	1.4940-1.4940
Ecuador	1.4940-1.4940	1.4940-1.4940	Paraguay	1.4940-1.4940	1.4940-1.4940
Cuba	1.4940-1.4940	1.4940-1.4940	Honduras	1.4940-1.4940	1.4940-1.4940
Guatemala	1.4940-1.4940	1.4940-1.4940	El Salvador	1.4940-1.4940	1.4940-1.4940
Nicaragua	1.4940-1.4940	1.4940-1.4940	Costa Rica	1.4940-1.4940	1.4940-1.4940
Panama	1.4940-1.4940	1.4940-1.4940	Dominican Republic	1.4940-1.4940	1.4940-1.4940
Haiti	1.4940-1.4940	1.4940-1.4940	Jamaica	1.4940-1.4940	1.4940-1.4940
Trinidad and Tobago	1.4940-1.4940	1.4940-1.4940	Barbados	1.4940-1.4940	1.4940-1.4940
Suriname	1.4940-1.4940	1.4940-1.4940	Guyana	1.4940-1.4940	1.4940-1.4940
Belize	1.4940-1.4940	1.4940-1.4940	Bolivia	1.4940-1.4940	1.4940-1.4940
Paraguay	1.4940-1.4940	1.4940-1.4940	Uruguay	1.4940-1.4940	1.4940-1.4940
Ecuador	1.4940-1.4940	1.4940-1.4940	Venezuela	1.4940-1.4940	1.4940-1.4940
Paraguay	1.4940-1.4940	1.4940-1.4940	Uruguay	1.4940-1.4940	1.4940-1.4940
Ecuador	1.4940-1.4940	1.4940-1.4940	Venezuela	1.4940-1.4940	1.4940-1.4940

## EXCHANGE CROSS RATES

Nov. 10	Nov. 10	Nov. 10	Nov. 10	Nov. 10	Nov. 10
U.S. Dollar	1.4940-1.4940	1.4940-1.4940	Canada Dollar	1.4940-1.4940	1.4940-1.4940
France Franc	1.4940-1.4940	1.4940-1.4940	Germany Mark	1.4940-1.4940	1.4940-1.4940
Italy Lira	1.4940-1.4940	1.4940-1.4940	Netherlands Guilder	1.4940-1.4940	1.4940-1.4940
Portugal Escudo	1.4940-1.4940	1.4940-1.4940	Spain Peseta	1.4940-1.4940	1.4940-1.4940
Sweden Krona	1.4940-1.4940	1.4940-1.4940	Switzerland Franc	1.4940-1.4940	1.4940-1.4940
Denmark Krone	1.4940-1.4940	1.4940-1.4940	Belgium Franc	1.4940-1.4940	1.4940-1.4940
Japan Yen	1.4940-1.4940	1.4940-1.4940	Australia Dollar	1.4940-1.4940	1.4940-1.4940
South Africa Rand	1.4940-1.4940	1.4940-1.4940	Yugoslavia Dinar	1.4940-1.4940	1.4940-1.4940
India Rupee	1.4940-1.4940	1.4940-1.4940	Colombia Peso	1.4940-1.4940	1.4940-1.4940
Chile Peso	1.4940-1.4940	1.4940-1.4940	Peru Sol	1.4940-1.4940	1.4940-1.4940
Brazil Cruzeiro	1.4940-1.4940	1.4940-1.4940	Argentina Peso	1.4940-1.4940	1.4940-1.4940
Uruguay Peso	1.4940-1.4940	1.4940-1.4940	Venezuela Bolivar	1.4940-1.4940	1.4940-1.4940
Ecuador Dolar	1.4940-1.4940	1.4940-1.4940	Paraguay Guaraní	1.4940-1.4940	1.4940-1.4940
Cuba Peso	1.4940-1.4940	1.4940-1.4940	Honduras Lempira	1.4940-1.4940	1.4940-1.4940
Guatemala Quetzal	1.4940-1.4940	1.4940-1.4940	El Salvador Colon	1.4940-1.4940	1.4940-1.4940
Nicaragua Cordoba	1.4940-1.4940	1.4940-1.4940	Costa Rica Colon	1.4940-1.4940	1.4940-1.4940
Panama Balboa	1.4940-1.4940	1.4940-1.4940	Dominican Republic Peso	1.4940-1.4940	1.4940-1.4940
Haiti Gourde	1.4940-1.4940	1.4940-1.4940	Jamaica Dollar	1.4940-1.4940	1.4940-1.4940
Trinidad and Tobago Dollar	1.4940-1.4940	1.4940-1.4940	Barbados Dollar	1.4940-1.4940	1.4940-1.4940
Suriname Dollar	1.4940-1.4940	1.4940-1.4940	Guyana Dollar	1.4940-1.4940	1.4940-1.4940
Belize Dollar	1.4940-1.4940	1.4940-1.4940	Bolivia Mvdola	1.4940-1.4940	1.4940-1.4940
Paraguay Guaraní	1.4940-1.4940	1.4940-1.4940	Uruguay Peso	1.4940-1.4940	1.4940-1.4940
Ecuador Dolar	1.4940-1.4940	1.4940-1.4940	Venezuela Bolivar	1.4940-1.4940	1.4940-1.4940
Paraguay Guaraní	1.4940-1.4940	1.4940-1.4940	Uruguay Peso	1.4940-1.4940	1.4940-1.4940

## MONEY MARKETS

UK clearing bank base lending rate 9 per cent (since October 4 and 5). UK interest rates were slightly easier where clearing bank base lending rate 9 per cent (since October 4 and 5). Much attention was focussed on the overnight rate with the Bank of England giving assistance some £20m below the forecast. Overnight interbank lending rates were at an opening level of 9.8 per cent to 10.1 per cent and peaked around 10.1 per cent.

The Bank of England forecast a shortage of around £300m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £250m and Eschequer transactions a further £50m. The Bank gave assistance in the morning of £20m, having previously revised the shortage to around £300m. The morning help comprised £150m in the form of 210m of eligible bank bills in band 1 (up to 14 days) at 9.5 per cent and £80m in band 2 (15-30 days) at 9.75 per cent. The Bank also bought £16m of eligible bank bills at 8.5 per cent and in band 4 (64-81 days) £28m at 8.5 per cent.

The Bank gave further assistance in the afternoon of £77m, comprising purchases of £22m of eligible bank bills in band 2 at 9.5 per cent and £55m of Treasury bills at 9.75 per cent. The Bank also bought £16m of eligible bank bills at 8.5 per cent and in band 4 (64-81 days) £28m at 8.5 per cent.

## INTEREST RATES

Nov. 10	Nov. 10	Nov. 10	Nov. 10	Nov. 10	Nov. 10
U.S. Dollar	1.4940-1.4940	1.4940-1.4940	Canada Dollar	1.4940-1.4940	1.4940-1.4940
France Franc	1.4940-1.4940	1.4940-1.4940	Germany Mark	1.4940-1.4940	1.4940-1.4940
Italy Lira	1.4940-1.4940	1.4940-1.4940	Netherlands Guilder	1.4940-1.4940	1.4940-1.4940
Portugal Escudo	1.4940-1.4940	1.4940-1.4940	Spain Peseta	1.4940-1.4940	1.4940-1.4940
Sweden Krona	1.4940-1.4940	1.4940-1.4940	Switzerland Franc	1.4940-1.4940	1.4940-1.4940
Denmark Krone	1.4940-1.4940	1.4940-1.4940	Belgium Franc	1.4940-1.4940	1.4940-1.4940
Japan Yen	1.4940-1.4940	1.4940-1.4940	Australia Dollar	1.4940-1.4940	1.4940-1.4940
South Africa Rand	1.4940-1.4940	1.4940-1.4940	Yugoslavia Dinar	1.4940-1.4940	1.4940-1.4940
India Rupee	1.4940-1.4940	1.4940-1.4940	Colombia Peso	1.4940-1.4940	1.4940-1.4940
Chile Peso	1.4940-1.4940	1.4940-1.4940	Peru Sol	1.4940-1.4940	1.4940-1.4940
Brazil Cruzeiro	1.4940-1.4940	1.4940-1.4940	Argentina Peso	1.4940-1.4940	1.4940-1.4940
Uruguay Peso	1.4940-1.4940	1.4940-1.4940	Venezuela Bolivar	1.4940-1.4940	1.4940-1.4940
Ecuador Dolar	1.4940-1.4940	1.4940-1.4940	Paraguay Guaraní	1.4940-1.4940	1.4940-1.4940
Cuba Peso	1.4940-1.4940	1.4940-1.4940	Honduras Lempira	1.4940-1.4940	1.4940-1.4940
Guatemala Quetzal	1.4940-1.4940	1.4940-1.4940	El Salvador Colon	1.4940-1.4940	1.4940-1.4940
Nicaragua Cordoba	1.4940-1.4940	1.4940-1.4940	Costa Rica Colon	1.4940-1.4940	1.4940-1.4940
Panama Balboa	1.4940-1.4940	1.4940-1.4940	Dominican Republic Peso	1.4940-1.4940	1.4940-1.4940
Haiti Gourde	1.4940-1.4940	1.4940-1.4940	Jamaica Dollar	1.4940-1.4940	1.4940-1.4940
Trinidad and Tobago Dollar	1.4940-1.4940	1.4940-1.4940	Barbados Dollar	1.4940-1.4940	1.4940-1.4940
Suriname Dollar	1.4940-1.4940	1.4940-1.4940	Guyana Dollar	1.4940-1.4940	1.4940-1.4940
Belize Dollar	1.4940-1.4940	1.4940-1.4940	Bolivia Mvdola	1.4940-1.4940	1.4940-1.4940
Paraguay Guaraní	1.4940-1.4940	1.4940-1.4940	Uruguay Peso	1.4940-1.4940	1.4940-1.4940
Ecuador Dolar	1.4940-1.4940	1.4940-1.4940	Venezuela Bolivar	1.4940-1.4940	1.4940-1.4940
Paraguay Guaraní	1.4940-1.4940	1.4940-1.4940	Uruguay Peso	1.4940-1.4940	1.4940-1.4940

Nov. 10	Nov. 10	Nov. 10	Nov. 10	Nov. 10	Nov. 10
U.S. Dollar	1.4940-1.4940	1.4940-1.4940	Canada Dollar	1.4940-1.4940	1.4940-1.4940
France Franc	1.4940-1.4940	1.4940-1.4940	Germany Mark	1.4940-1.4940	1.494

October 31 1983



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U.S. \$ 5,000,000	Serie A Notes Due 1985
U.S. \$ 5,000,000	Serie B Notes Due 1986
U.S. \$ 5,000,000	Serie C Notes Due 1987
U.S. \$ 5,000,000	Serie D Notes Due 1988

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**By Stewart Fleming  
in Washington**

MR. DONALD REGAN, the U.S. Secretary of the Treasury, said yesterday that an agreement was imminent which would allow legislation to authorise the \$8.4bn U.S. contribution to the International Monetary Fund to move through Congress.

He said that the compromise being worked out between the House and Senate banking committees and the Reagan Administration might be finalised during the day. If so, he anticipated that the IMF legislation might clear both Houses of Congress by Friday next week.

The first signs that the IMF legislation might be on the move through Congress surfaced late on Tuesday.

After a session on Wednesday with House Democrats, Mr. Ferdinand St Germain, chairman of the House Banking Committee, said: "I believe we are close to a series of compromises which will allow us to move an IMF Bill and a Housing Bill package through Congress before the end of the session."

Congressional approval of the U.S. contribution to the IMF has been seen in banking and financial circles as a vital step if the IMF is to carry out its role in stabilising developing countries' debt problems.

There has been strong opposition in Congress to approving the legislation. Democrats in the House have been insisting that the Administration permit a Housing Bill, including additional public financing for housing, to pass as the price of approving the IMF legislation.

Mr St Germain's statement suggests the Reagan Administration has paid a price in terms of compromising on housing legislation, even though this will add to the budget deficit beyond current projections. Senator Jake Garn, chairman of the Senate Housing Committee, appears satisfied he can push the housing legislation through.

BY MARY ANN SIEGHART IN LONDON

**THE EUROBOND** market showed the more irrational side of its nature yesterday in its reaction to a \$100m bond from the U.S. communications conglomerate, International Telephone and Telegraph (ITT).

Led by SBC International with four co-lead managers (Deutsche Bank, Lazard Freres, Lehman Brothers, and Morgan Guaranty), the six-year bond has an 114 per cent over the six-month London interbank offered rate (Libor) at par and the total front-end fees are only 0.80 per cent. Credit Suisse-First Boston is leading the deal with SBC International and Seitama.

The **STURZEN DUBOIS** bid at 117 1/2 percent coupon at par. The **Barney** bid at 117 1/2 percent coupon with warrants on offer at \$18 to buy into the same series. If all were exercised, EIT would raise a total of \$200m.

The bonds sold at a respectable 1 1/2 point discount and the warrants traded at around \$20.50.

By contrast, **Weyerhaeuser's** U.S. forest products company, two

The other EBIT of the day came from **First Credit and Commerce International**. Led by Bank of America International with London and Continental Bankers, the seven-year, \$50m bond has a spread of 4 1/2 point over six-month Libor at par. It has an investor redemption option after five years and a call option for the issuer after three.

Front-end fees are 2½ points.

the fact that the amount is smaller, the maturity shorter and the credit better - Weyerhaeuser is rated double-A and ITT only single-A.

night before. Prices rose by  $\frac{1}{4}$  point.

Two Euro-Canadian dollar bonds were launched yesterday, bringing the total for the week to three. British Columbia is raising C\$100 million with a 10-year, 12 per cent bond underwritten by SBC International. It is only the second Canadian dollar bond of such a size.

Markets on the European Continent also caught New York's bullish mood. Prices of seasoned bonds rose by ¼ point in Germany and ½ point in Switzerland.

	Nov 9	Nov 2	High	1983 Low
Composite Corp. AAA	12.25	12.05	12.55	10.50
Composite Corp. AA	12.25	12.05	12.55	10.75
Government				
Long Term	11.75	11.55	11.95	10.25
Intermediate	11.55	11.37	12.03	9.93
Short-Term	10.94	10.67	11.55	8.83
Municipal	9.74	9.75	9.95	8.72
Industrial AAA	12.01	11.55	12.35	10.51
Industrial AA	12.21	12.05	12.67	10.72
Industrial A	12.45	12.21	12.81	10.72
Utilities AA	12.51	12.25	13.05	10.65
Prefixed Stocks	11.05	10.95	11.41	10.05

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for November 10.

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مكة من الدول

EUROPE  
UK

FT 500

A Financial Times Survey

EUROPE'S TOP COMPANIES

# The year's big winners

By Richard Lambert

EUROPE'S biggest publicly quoted companies are here, for the second year in a row, ranked by the FT 500. For companies, the value of the survey is that it shows them where they stand in terms of market value and profitability compared to their competitors across the continent.

For investors, whose horizons are becoming increasingly international, it highlights the differences in stock market standing between similar companies in neighbouring countries.

The survey incorporates two main lists, the European 500 and the UK 500, each giving rankings based on the stock market values of the companies listed, taken as an average over the month of June.

This yardstick—market capitalisation—was chosen because a ranking based on total sales could not take proper account of banks and other financial service groups, which make up a large number of Europe's biggest companies. And comparisons based on the size of a company's net worth would be distorted by accounting differences.

The price of shares, however, reflects the health and prospects of the companies which issue them—whether they are based in Finland or Spain. Such valuations, accordingly, form a truly international yardstick.

This survey also reports the turnover, profits, change in turnover and profits, and the return on capital employed for each company. Further, it analyses profit trends for various sectors across Europe and within the UK. Tables accompanying the UK 500 show those companies joining the list this year as well as those which have dropped out.

The role of the stock market within the corporate sector varies, of course, from country to country.

In the UK, for example, there is a broad and active market in company securities, and the Stock Exchange is an important source of finance for industry.

In Germany, the banks play a much bigger part in company finance. Giant companies in Italy, such as ENI and IRI, are state-owned and so excluded from the main rankings, and the nationalisation programme in France has also removed a number of leading candidates.

To bring these companies into the reckoning, this year's survey includes for the first time a separate list of Europe's top 100 companies—whether privately or publicly owned—which is based on annual sales.

Thirteen countries are represented in the main FT European 500, and once again the UK is comfortably at the top of the table with 229 of the leaders, compared with 234 last year. Next comes Germany, with 78, France with 42 and Switzerland with 37.

The widely-based bull market in share prices has substantially increased the value of the European 500 over the year. In 1982, a company had to be valued at over \$116m to get through the gateway.

this year, the entry barrier had climbed to over \$141m. Number 100 on the latest list is Tarmac of the UK, with a capitalisation of \$894m; last year, it was Switzerland's Winterthur, valued at \$708m.

The big winners in this year's European 500 have owed a great deal to the strength of their domestic capital market. Fuelled by international buying, share prices fairly shot ahead in the Netherlands and in the Scandinavian markets, all of which have a much stronger representation on the 500 than they did a year ago.

Alcoa has jumped 134 places to number 131 in the league table, and Philips, another Dutch company, has also moved ahead sharply to position 18.

## Starry performances

Two of the starriest performances have come from Swedish companies. Ericsson, which has climbed from 98 to 27, is involved in information systems, telecommunications, cable and defence. With less than a fifth of its sales in Sweden, the group has recorded strongly rising sales and earnings in the past four years.

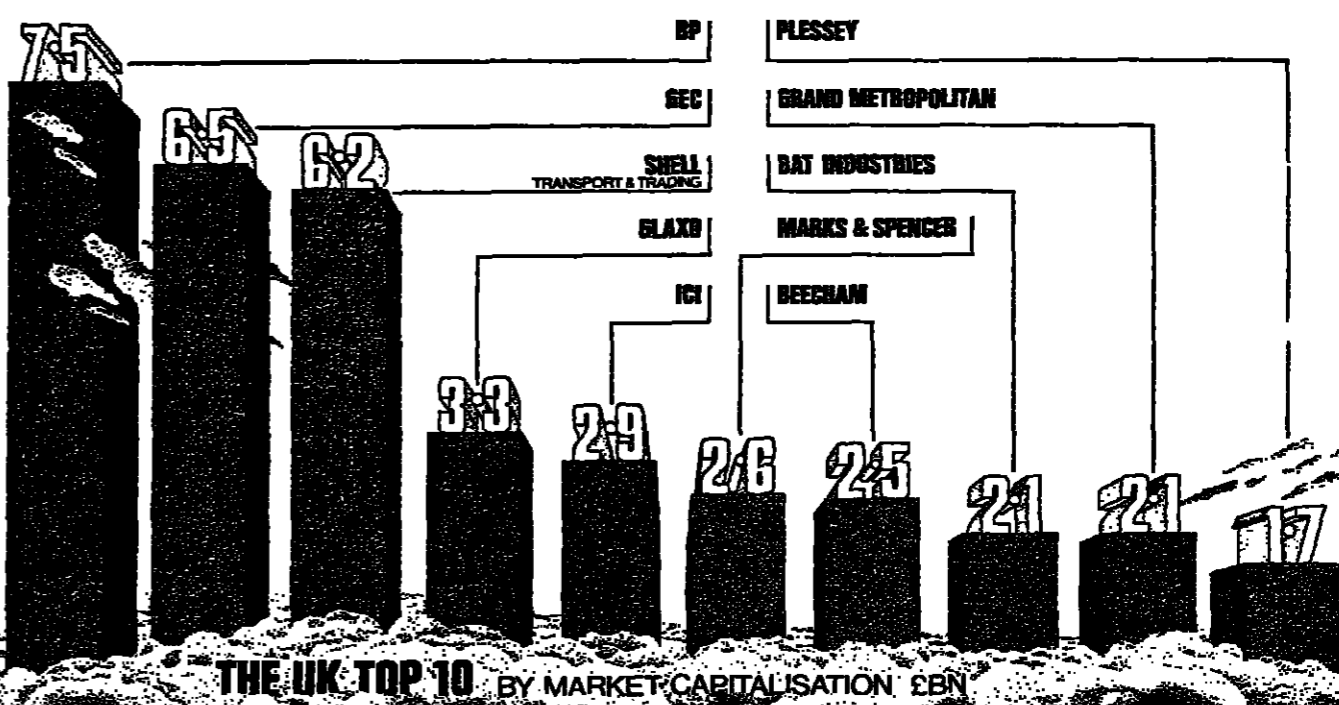
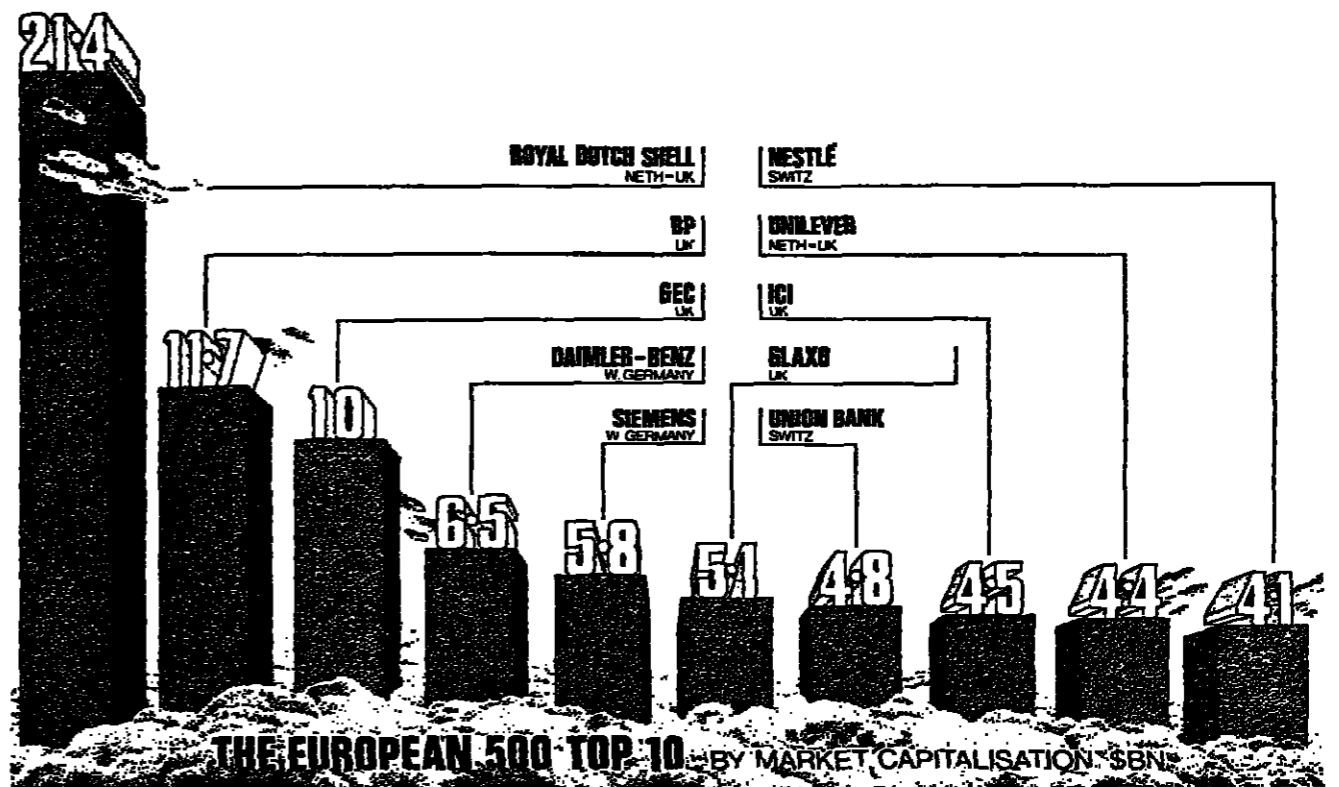
ASEA, up from 133 to 43, has also been boosting its export sales aggressively. It builds power plants, transportation equipment and process plant, and its concentration on the high technology end of the business has brought a sharp increase in earnings per share during the past two years.

Both companies generated strong buying from U.S. investors, who have also given a big lift up to the only new entrant to this year's top 10—Glaxo, the UK pharmaceutical group which has risen from 22 to 6. The excitement here has been provided by a new anti-ulcer drug, Zantac, which is chasing a \$1.8m market currently dominated by Smith-Kline of the U.S.

Prominent among the falling stars highlighted by the European 500 are the Spanish banks. Four of the major Spanish banks plummeted down the list, while three more dropped off completely. Their problems have been the devaluation of the Spanish peseta against the dollar, plus a home-grown banking crisis which led to the Government stepping in to take over parts of the Rumasa empire.

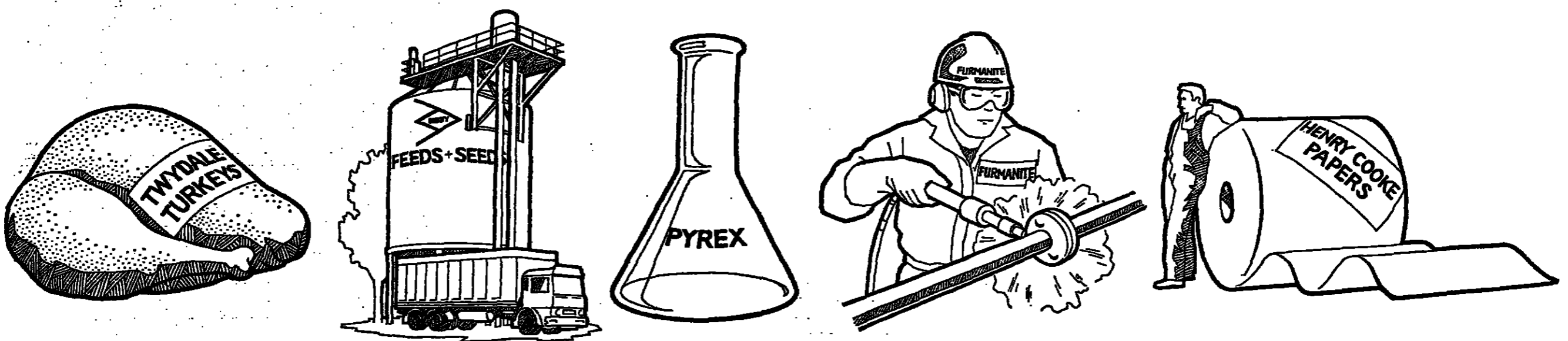
This year's FT 500 also includes tables showing the 10 companies with the biggest profit increases for the year and the ten greatest profit decreases, for both the UK and Europe. Most of the big profit increases stem from profits recoveries, as is the case of Franco Tosi (439) of Italy, and Solvay (118) of Belgium.

Another innovation this year is a table of the FT 500's largest money losers across Europe. Most of the names are well-known, such as Michelin, Peugeot and British Aerospace. France provides four of the ten companies, Britain two and there is one each from Italy, Switzerland and West Germany.



● The long-awaited recovery in British industrial profits is finally under way. The FT 500 companies show a cumulative growth in pre-tax profits this year of nearly 4 per cent, with companies reporting increasingly stronger profit advances during the course of the year. For details of the UK 500 companies, the rising stars, the newcomers and the drop-outs, see pages VI to VIII.

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Through our paper and converted products division we are one of the country's leading manufacturers of specialist papers.

And in the vital areas of sterile disposable plastic products and laboratory glassware for hospitals and laboratories, we lead the market.

The capital employed in our business has been invested in selected areas of agriculture and industry and this diversification of our assets has reduced our dependence on any one area.

Despite recent economic conditions, this has allowed us to stride ahead to record profits.

This year we exceeded \$15m. and we look equally well set for the future.

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## EUROPE



1-200

Ranking 1982	Company	Country	Market capital 1982	Turnover 1982-83	1981-82	% change	1982-83	1981-82	% change	ROCE	Year end	Employees		
1	Royal Dutch/Shell	NET/UK	21,412.1	51	1	86,142.0	76,900.0	12.1	10,114.8	9,596.4	5.4	21.3	31,122	162,000*
2	British Petroleum	UK	11,716.2	51	2	46,492.2	39,904.9	16.5	3,571.4	3,788.1	-5.7	21.3	31,122	143,350*
3	General Electric Company	UK	10,091.5	04	23	1,767.6	1,482.0	19.4	1,038.7	935.3	10.3	21.3	31,122	178,001*
4	Daimler-Benz	GER	8,585.2	09	8	15,226.3	14,265.3	6.1	1,732.2	1,537.0	12.7	21.3	31,122	165,697*
5	Siemens	GER	8,585.2	04	7	15,157.6	13,571.7	11.0	623.0	546.8	13.6	21.3	31,122	124,000
6	Glaxo Holdings	UK	8,100.3	27	154	1,541.5	1,100.8	21.9	207.1	125.3	65.0	21.3	31,122	25,100
7	Unilever	UK	4,852.6	62	2	NR	NR	NR	NR	NR	NR	21.3	31,122	16,888
8	Imperial Chemical Industries	UK	4,576.1	42	18	11,400.5	10,156.1	12.3	401.3	319.0	25.7	21.3	31,122	122,220*
9	Unilever NV/PLC	NET/UK	4,576.1	07	8	10,577.2	10,651.5	-0.7	1,074.4	1,172.1	-8.3	21.3	31,122	122,220*
10	Nestle	SWI	4,141.8	26	16	13,086.9	12,132.0	-7.8	1,019.4	882.1	14.3	21.3	31,122	141,500
11	Marlboro and Spence	UK	4,112.4	34	47	3,882.0	3,406.7	14.0	370.8	344.1	7.7	21.3	31,122	46,465
12	RWE	GER	4,071.4	55	22	9,170.8	8,166.6	12.3	677.7	676.6	0.1	21.3	31,122	70,089*
13	Deutsche Bank	GER	3,943.2	07	8	2,637.7	2,182.0	21.0	367.4	312.8	17.5	21.3	31,122	26,400
14	Swiss Bank Corporation	SWI	3,833.3	62	2	NR	NR	NR	NR	NR	NR	21.3	31,122	45,678*
15	Swiss Bank Corporation	SWI	3,833.3	62	2	NR	NR	NR	NR	NR	NR	21.3	31,122	45,678*
16	BAT Industries	UK	3,773.9	36	5	17,595.1	14,065.4	24.5	1,328.3	1,065.8	25.1	21.3	31,122	178,000*
17	Grand Metropolitan	UK	3,267.8	22	29	5,552.3	4,981.9	11.5	301.2	289.9	4.0	21.3	31,122	120,450*
18	Philips	NET	3,112.3	04	39	16,054.4	14,892.3	7.4	470.4	364.8	28.9	21.3	31,122	336,200
19	Credit Suisse	SWI	3,109.1	62	2	NR	NR	NR	NR	NR	NR	21.3	31,122	NA*
20	Glaxo	SWI	2,852.2	42	68	6,893.1	6,405.1	7.7	284.5	266.7	6.7	21.3	31,122	70,475*
21	Hoffmann-La Roche	SWI	2,828.1	42	68	3,350.0	3,200.0	4.3	133.1	119.8	11.1	21.3	31,122	46,464*
22	Generali	ITA	2,716.6	66	2	NR	NR	NR	NR	NR	NR	21.3	31,122	NA*
23	Plessey Company	UK	2,716.6	04	123	1,885.2	1,482.2	27.0	226.8	172.7	31.3	21.3	31,122	39,879
24	Bayer	GER	2,706.4	42	14	13,865.1	12,340.2	12.3	588.0	512.8	14.5	21.3	31,122	178,500
25	Santander	SWI	2,691.1	62	2	NR	NR	NR	NR	NR	NR	21.3	31,122	NA*
26	STI	UK	2,536.7	10	175	1,123.2	967.8	13.7	165.3	130.7	26.5	21.3	31,122	23,000
27	Ericsson, L. M.	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
28	Rio Tinto-Zinc Corporation	UK	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
29	Roche	GER	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
30	Allianz Versicherung	GER	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
31	BAF	GER	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
32	National Westminster Bank	UK	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
33	Standard Bank of South Africa	UK	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
34	Deutsche Petroleum	NET	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
35	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
36	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
37	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
38	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
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41	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
42	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
43	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
44	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
45	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
46	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
47	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
48	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
49	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
50	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
51	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
52	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
53	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
54	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
55	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
56	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
57	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
58	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
59	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
60	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
61	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
62	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
63	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
64	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
65	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
66	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
67	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
68	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
69	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
70	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
71	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
72	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
73	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
74	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
75	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
76	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
77	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
78	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
79	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
80	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
81	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
82	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
83	Swiss Bank Corporation	SWI	2,440.3	04	80	2,565.2	2,123.0	20.8	133.1	103.4	28.7	21.3	31,122	66,300
84</														

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301-500

Ranking	Company	Country	Market capitalisation £m	Revenue 1981-82 £m	Profit 1981-82 £m	% change ROCE	Year end	Employees					
301	Peugeot	FRA	280.8	99.29	3,114.3	6,698.5	4.0	(200.4)	(272.1)	—	NA	31.12.82	268,000
302	Laporte Industries	UK	278.8	42.356	262.3	289.7	18.8	32.1	22.4	36.0	NR	31.12.82	2,398
303	Banks Hovis McDougall	UK	278.7	55.83	2,479.9	2,432.2	1.8	52.0	70.1	26.1	NR	31.12.82	47,000
304	Banco de Vizcaya	SPA	277.8	62	NR	NR	NR	55.1	58.5	5.8	NA	31.12.82	3,128
305	Carlsberg	DNK	276.5	62	NR	NR	NR	48.1	24.7	29.3	42.7	31.12.82	1,769
306	Bibby, J. and Sons	UK	274.3	25.298	380.8	377.0	20.0	23.5	18.9	24.3	24.8	1.1.83	3,800
307	Sell, Arthur and Sons	UK	272.4	22.287	380.8	362.2	5.1	42.8	31.0	37.9	24.0	31.12.82	1,769
308	Sanofi	FRA	270.5	68	NR	NR	NR	1.1	1.1	2.7	26.4	31.12.82	63
309	Whitbread	UK	270.0	68	NR	NR	NR	18.5	11.2	84.6	NR	31.12.82	3,250
310	Carry Group	UK	268.7	34.271	455.7	378.1	20.4	23.7	17.2	33.8	21.4	31.12.82	8,857
311	Charterhouse Group	UK	267.8	68	NR	NR	NR	35.4	35.0	1.2	5.5	31.12.82	7,612
312	Hill Samuel Group	UK	267.1	68	NR	NR	NR	31.2	24.8	25.7	NA	31.12.82	5.0
313	Clifford Brown and Lonsdale	UK	266.3	68	NR	NR	NR	31.0	38.5	7.4	NA	31.12.82	1,678
314	Debenhams	UK	265.8	12.200	855.3	917.1	4.2	18.9	14.7	26.7	8.4	31.12.82	1,297
315	Mitsui	JPN	265.4	04.170	1,150.4	571.8	32.0	48.9	36.7	36.8	28.3	31.12.82	5,933
316	Glaxo	UK	262.4	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	6,012
317	BSR	UK	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	11,556
318	Kraftwerk	UK	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	4,674
319	Metal Box	UK	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	2,601
320	United Colloids	UK	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	7,534
321	Kansai-Oil	JPN	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
322	Arava Group	UK	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
323	Taylor Woodrow	UK	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
324	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
325	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
326	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
327	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
328	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
329	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
330	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
331	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
332	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
333	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
334	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
335	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
336	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
337	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
338	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
339	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
340	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
341	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
342	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
343	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
344	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
345	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
346	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
347	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
348	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
349	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA
350	Reinhold	GER	262.0	42.254	525.2	530.0	2.0	24.5	16.9	45.5	10.7	31.12.82	NA

# Europe's rising stars

THE MOST sparkling performance on the European FT 500 this year have been put on by stocks quoted on the Netherlands and Swedish stock exchanges. The Dutch guilder has been relatively strong over the period, and investment interest from the U.S. has been an important factor.

By contrast, the Swedish krona has been quite sharply devalued against the dollar. However, with investment interest strong from both the U.S. and the UK, a range of excellent companies on the local exchange and a powerful profits trend, the market has soared even in dollar terms by 148 per cent on the Capital International Index, which is compiled by the Geneva-based international stock market analysts.

Among the sharpest falls in the year to June on the FT 500 list have been seen by the Spanish banks.

Spain's stock market has been a poor performer in the period, while the peseta fell heavily against the dollar. Add to that a banking crisis as the Government stepped in to take over parts of the Rumsa empire, and disenchanted with the Spanish banks as an investment medium is not surprising.

The Spanish peseta has fallen by 19 per cent against the dollar in the period, and in dollar terms the Capital International Index has fallen by 2 per cent. The

banks have fallen far more than this. The banking system in Spain has traditionally been powerful, and the Socialist victory last year raised the fear that a lot of the banks' economic power would be removed by the Government.

At the same time the many banks found themselves facing liquidity problems as a result of their exposure to an industrial sector hit hard by the sluggish performance of the economy. Among the casualties in the period was the Banco Urquijo, which had to be rescued.

The share price of Banco Hispano Americano fell from Pta 268 to Pta 220, which means that in terms of market capitalisation it has dropped from 75th place in the European 500 to 182nd.

Another major bank, Banco Central, has seen its share price fall from Pta 270 to Pta 240 and its place in the FT 500 down from 76th to 185th.

Similar drops figure right through the sector: Banco Espanol de Credito is down from 90th place to 157th, and Banco de Bilbao from 110th to 257th. Several banks have dropped out of the list altogether, such as Banco Atlantico and Banco Pastor.

The Dutch market has been one of the sleepiest until the last two years or so, and even after recent recovery remains rather cheap. The newly-formed European stock broker, Carnegie International, estimates that the stock market is on a price to cash earnings multiple of about 31, which compares with about 4.2 times in West Germany.

Over the year to June, the Capital International Index for the Netherlands market rose by 68 per cent in dollar terms, with very little change in the Guilder/dollar exchange rate.

But there was a sharp divergence in performance, with stocks that found popularity with U.S. investors rising by much more than this. A good example

is Heineken, whose share price rose by 122 per cent as Americans responded to its strong showing in U.S. markets and began to compare it in terms of rating with the big U.S. brewers.

Heineken's profits are showing solid growth, with a 33 per cent gain in 1982 likely to be followed by an 18 per cent improvement this year. Its market value has risen from \$316m to \$744.6m and it has moved up from 219th to 123rd in the FT 500.

Another Dutch stock to have moved strongly up the list is the chemicals and fibres group Akzo.

Again, U.S. interest has been a material factor, with investment enthusiasm stirred by the prospect of cyclical recovery in the European chemicals sector. Carnegie expects Akzo's profits to more or less double this year to Fl 104 a share. The share price has moved up by 133 per cent in the period, whipping the company up from 265th in the FT 500 list to 131st.

The Swedish krona fell by 184 per cent against the dollar in the year to June, but international investment interest from the U.S., the UK and other parts of the world has set on this market above any other in this period.

This is because so many of the companies quoted on the local stock exchange fulfil the requirements of the international investment community. Swedish companies have only a small home base, so to grow they have had to develop product lines that are internationally marketed and accepted. As investment managers become more internationally minded, the lowly-rated Swedish market has emerged as a natural target for purchases.

Among the fastest moving shares have been those of Pharmacia, up from Kr 80 to Kr 240, and Ericsson, up from Kr 140 to Kr 442. One company rising rapidly through the ranks of the FT 500 is ASEA, whose strengths in heavy electricals and robotics are now being appreciated. The share price has moved up from Kr 80 to Kr 350, pushing the stock up from 133rd place in the FT 500 list to 43rd place.

Another fast mover has been Aga, the Swedish BOC, which has risen from 360th in the list to 229th.

DAVID FREUD

## FOOTNOTES FOR COMPANIES LISTED ON THIS PAGE

Footnote 302-482: 302 Laporte Industries, turnover excludes amount relating to property sales. 305 KKR, parent company accounts. 307 Arthur Bell, turnover includes duty. 312 Hill Samuel Group, profit after tax before extraordinary items. 313 Kleinwort Benson Ltd, disclosed profit after tax and after transfer to inner reserves, out of which reserves provision has been made for diminution of value of assets. 318 Kraftwerk Leunberg, parent company accounts. 321 Reinhold, parent company accounts. 321 Reinhold, previous year's figures restated by parent company. 322 Pirelli International, net profit. 323 Woodworth Holdings, acquired equity share capital of F. W. Woodworth April 5 1983, figures are pro forma results consolidated results of F. W. Woodworth and subsidiaries for the year to January 28 1983 and those of Woodworth Holdings for the period September 10 1982 to January 28 1983 adjusted to provide estimated annualised results. 325 BIC, ROCE=profit before tax/cap. emp. 327 Rothmans Int, turnover net of VAT but includes duty, excise and other sales taxes. 328 KLM, parent company accounts. 329 H. P. Bulmer, turnover excludes duty. 334 Loch-Sleat, parent company accounts. 335 H. P. Bulmer, domestic consolidation, no previous year's figures available as this is first year of Hoesch's independence from East-Hoesch. 336 Lohmeyer, parent company accounts. 337 Colonia Verick, parent company accounts. 338 Amec, parent company accounts. 339 Breda, consolidated account excluding results of Geomex and Europpalpinen. 341 KLM, profit is net income as no corporate tax is due and no provision for tax is made. 342 Credit Foncier, non-consolidated accounts. 343 Meyer Int, incorporated June 28 1982 to effect merger between international Meyer and Montague L. Meyer, previous year's figures are restated on a pro forma basis as if merger had taken place April 1981. 348 Marley, year end changed from October therefore this year's results are for 14 months. 357 CIL Alcantara, profit is net of tax. 357 Equity and Law Life, profit after tax, before revaluation of assets. 363 Batafina Int, net profit. 367 Dumas, profit is net of tax. 368 Lantia and Gyr, loss/profit is net of tax. 402 Savoy Hotels, turnover includes all service charges and theatre rentals, previous year's figures restated to reflect this change in accounting policy. 404 Hawes, Agency, ROCE=pre-tax profit/cap. emp. 405 Maschinen Bull, consolidated pre-tax loss, no consolidated figures available for previous year. 418 Helvetia, figures relate to Helvetia four, profit for Helvetia Int'l was \$7.2m this year and \$7.7m the previous year. Employees at the year end numbered 1,788. 419 Breda, profit is net of tax. 420 Hamilton Oil, turnover is gross. 434 Harbors, operating profit after tax, before minority interests. 435 Breda, net profit. 436 Electrobel, non-consolidated accounts, previous year's figures for 18 months to December 31 1981. 438 Polity Peak, previous year's figures for period March 20 1980 to August 31 1981. 445 Geomex, domestic consolidation. 455 AGIV, domestic consolidation. 461 Albing, parent company accounts. 464 Automated Security, turnover includes invoiced value of rentals adjusted for prepayments net of VAT. 474 Geomex, previous year's figures restated to include results of Geomex and Interserve Group. 477 Schneider, ROCE=profit before tax/cap. emp. 478 Hoogovens, no figures for previous year as this is first year after dissolution of East/Hoesch and non-consolidated, non-consolidated accounts. 489 TI Group, previous year's figures restated to exclude results of British Aluminium. 490 DLW, domestic consolidation. 492 Breda, no figures available.

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## UK FT 500

## More signs of recovery

THE LONG-AWAITED recovery in British industrial profits is finally underway. The FT 500 companies show a cumulative growth in pre-tax profits this year of nearly 4 per cent, with companies reporting increasingly stronger profit increases during the course of the year.

Encouragingly, the momentum of rising earnings is now much more broadly based. Traditionally cyclical industries, such as chemicals and construction, are now beginning to present their shareholders with the sort of profit and dividend increases which last year seemed the exclusive preserve of consumer-related groups and the high flying electrical sector.

Meanwhile, oil companies and the financial group, are also starting to show an improvement from what was in many cases a precipitous fall in earnings during 1982.

The broadening of the base of profits growth, coupled with the generally sound condition of corporate balance sheets, have produced a marked shift in sector valuations on the equity market.

It seems paradoxical, for example, that the electricals group, which as the chart on

By JOHN MAKINSON

Page VIII illustrates, is still showing the fastest profits growth of any sector, has been the only section of the market to show a negative overall re-



GLAND OPERATIONS / UK LIMITED



GRAND METROPOLITAN



Marks &amp; Spencer

Beecham

BAT INDUSTRIES

The broadening of the base of profits growth, coupled with the generally sound condition of corporate balance sheets have produced some marked shifts in sector valuations. Those sectors which had been preferred during 1982 for their resistance to recessionary pressures have recently been perceived as over-valued in relation to companies which can be expected to show strong cyclical earnings recovery.

turn in the past 12 months. Relative to the FT All-Share Index, it has fallen by more than a quarter.

Yet the performance of electricals helps, in microcosm, to explain the overall trend of the market. Those sectors which had been preferred during 1982 for their resistance to recessionary pressures have recently been perceived as overvalued in relation to companies which can be expected to show strong

cyclical earnings recovery. One example of the latter kind of sector is building materials, which reported a drop in profits of 5.2 per cent for the period covered by this year's FT 500.

The sector's traditional role as an early participant in an economic upswing has nonetheless helped to produce a strong improvement in the sector's overall market capitalisation. In general terms, the equity

market has seen a reduction in the premium attached to companies which promise solid and secular earnings growth.

This trend is apparent even within particular sectors. In the 1982 market capitalisation list, J. Sainsbury ranked 14th, while Tesco, despite its larger sales revenue, only just scraped into the top 100.

This year, however, J. Sainsbury has slipped back to 18th position while its competitor

has jumped to 59th place. Not all cyclically depressed sectors have felt the benefit of this re-rating and the gap between the top and bottom performers in the same industry has in some instances remained very large.

In particular, mechanical engineering and metal forming companies have retained their humble ratings. IT Group has slipped back even further from 209th to 227th position and now

sits one place behind Wolverhampton and Dudley, a regional brewer. Two places above it is Spirax-Sarco, an engineering company boasting capital employed one eighth the size of ICI.

Rankings at the top of the table have shown little change, with British Petroleum, General Electric and Shell Transport holding on to the top three slots by a very comfortable margin. GEC, however, will recently have sacrificed second position to Shell owing to the very weak performance of the electrical sector.

Glaxo, however, has bounded up from 11th position to 4th largely on the back of U.S. investment interest and the very high hopes held out for its Zantac drug.

A little further down the list, the strongest advances have been made by well-managed industrial holding companies.

BTG moved up from 50th to 13th and, with the Thomas Tilling acquisition under its belt, by now earns a place in the top ten. Hanson Trust, meanwhile, has pushed up from 53rd to 32nd place.

Towards the bottom of the list, the performance of the troubled companies which, in the eyes of the market, have fallen comprehensively from grace, Davy Corporation has collapsed from 151 to 320, while John Brown languishes in 358th place.

Overall, trading profits in the current year should grow by a fifth to about 500,000, a rate of increase greater than in any year since the early 1970s, which accounts for a third of UK trading profits, and the rest of the economy.

The outlook for dividends is less rosy, in part because having struggled to maintain pay-outs during a period of falling profits, many companies are reluctant to pay increases in line with profit growth during the early stages of an economic recovery.

In addition, however, the industrial sector is experiencing a rise in earnings, but actual tax basis, much slower than the profits growth at the trading or pre-tax level.

Some industrial companies, for example in the textile and mechanical engineering sector, are at last generating UK earnings, allowing them to shed their UK dividend payments from tax.

The financial condition of the corporate sector remains exceptionally strong. A low level of capital investment, together with improved control over working capital, kept the net borrowing requirement of the corporate sector to just under £1bn during the first half of 1983.

Moreover, the strength of the equity market has encouraged companies to raise new cash issues. The £1.7bn of new issues, which have already exceeded the 1981 record of £1.7bn this year.

1-250

Ranking 1983	Company	Sector	Market cap. £m	Ranking	Turnover 1982-83 £m	1981-82 % change	Profit 1982-83 £m	1981-82 % change	ROCE	Employees	Year end			
1	British Petroleum	Oil	7,561.8	1	28,336.0	26,766.0	12.9	2,305.0	2,432.0	-5.2	18.7	14,350	31.12.82	
2	General Electric	Electrical	6,487.4	2	4,626.0	4,180.0	10.4	670.4	843.4	17.7	27.8	176,081	31.12.82	
3	Shell Transport and Trading	Oil	6,288.0	3	7,388.0	6,861.0	11.8	258.0	335.0	-22.7	8.2	122,224	31.12.82	
4	Glaxo Holdings	Pharmaceutical	2,294.4	4	2,565.5	2,188.7	14.0	238.3	222.1	7.7	21.6	46,465	31.12.82	
5	Imperial Chemical Industries	Chemicals	2,263.3	5	2,188.7	1,407.9	21.0	271.1	271.9	0.3	36.6	36,400	31.12.82	
6	Marks & Spencer	Retail	2,113.0	6	2,113.0	2,113.0	0.0	858.0	884.0	-3.1	23.2	178,000	31.12.82	
7	BAT Industries	Tobacco	2,113.0	7	2,113.0	2,113.0	0.0	858.0	884.0	-3.1	23.2	178,000	31.12.82	
8	Grand Metropolitan	Food	2,113.0	8	2,113.0	2,113.0	0.0	858.0	884.0	-3.1	23.2	178,000	31.12.82	
9	Pharmacia	Pharmaceutical	2,113.0	9	2,113.0	2,113.0	0.0	858.0	884.0	-3.1	23.2	178,000	31.12.82	
10	Unilever	Food	2,113.0	10	2,113.0	2,113.0	0.0	858.0	884.0	-3.1	23.2	178,000	31.12.82	
11	BTG	Industrial	1,837.2	11	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
12	Rio Tinto-Zinc Corporation	Minerals	1,837.2	12	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
13	National Westminster Bank	Banking	1,837.2	13	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
14	Royal Electronics	Electrical	1,837.2	14	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
15	Unilever	Food	1,837.2	15	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
16	Great Universal Stores	Retail	1,837.2	16	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
17	Sainsbury	Food	1,837.2	17	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
18	Prudential Corporation	Insurance	1,837.2	18	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
19	Cable and Wireless	Telecommunications	1,837.2	19	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
20	British	Industrial	1,837.2	20	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
21	Land Securities	Real Estate	1,837.2	21	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
22	Lloyds Bank	Banking	1,837.2	22	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
23	Bank of Scotland	Banking	1,837.2	23	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
24	Consolidated Gold Fields	Minerals	1,837.2	24	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
25	Boots	Pharmaceutical	1,837.2	25	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
26	Standard Telephones	Telecommunications	1,837.2	26	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
27	Thorn	Electrical	1,837.2	27	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
28	Allied-Lyons	Food	1,837.2	28	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
29	British Insurance	Insurance	1,837.2	29	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
30	Bank of England	Banking	1,837.2	30	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
31	Bank of Ireland	Banking	1,837.2	31	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
32	Bank of Wales	Banking	1,837.2	32	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
33	Bank of Cyprus	Banking	1,837.2	33	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
34	Bank of Greece	Banking	1,837.2	34	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
35	Bank of Spain	Banking	1,837.2	35	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
36	Bank of Portugal	Banking	1,837.2	36	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
37	Bank of France	Banking	1,837.2	37	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
38	Bank of Italy	Banking	1,837.2	38	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
39	Bank of Germany	Banking	1,837.2	39	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
40	Bank of Netherlands	Banking	1,837.2	40	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
41	Bank of Belgium	Banking	1,837.2	41	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
42	Bank of Luxembourg	Banking	1,837.2	42	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
43	Bank of Switzerland	Banking	1,837.2	43	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
44	Bank of Austria	Banking	1,837.2	44	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
45	Bank of Denmark	Banking	1,837.2	45	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
46	Bank of Norway	Banking	1,837.2	46	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
47	Bank of Sweden	Banking	1,837.2	47	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
48	Bank of Finland	Banking	1,837.2	48	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
49	Bank of Iceland	Banking	1,837.2	49	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82
50	Bank of Ireland	Banking	1,837.2	50	1,837.2	1,837.2	0.0	108.7	108.7	0.0	18.3	30.8	23,000	31.12.82

Ranking 1983	Company	Sector	Market cap. £m	Ranking	Turnover 1982-83 £m	1981-82 % change	Profit 1982-83 £m	1981-82 % change	ROCE	Employees	Year end		
141	BBR International	Industrial	181.1	141	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
142	Metal Box	Industrial	181.1	142	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
143	Avon	Consumer Goods	181.1	143	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
144	Avon	Consumer Goods	181.1	144	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
145	Avon	Consumer Goods	181.1	145	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
146	Avon	Consumer Goods	181.1	146	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
147	Avon	Consumer Goods	181.1	147	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
148	Avon	Consumer Goods	181.1	148	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
149	Avon	Consumer Goods	181.1	149	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
150	Avon	Consumer Goods	181.1	150	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
151	Avon	Consumer Goods	181.1	151	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
152	Avon	Consumer Goods	181.1	152	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
153	Avon	Consumer Goods	181.1	153	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
154	Avon	Consumer Goods	181.1	154	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
155	Avon	Consumer Goods	181.1	155	181.1	181.1	0.0	18.1	18.1	0.0	18.1	11,588	31.12.82
156	Avon	Consumer Goods	181.1	156	18								

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Ranking 1982	Company	Market cap. £m	Ranking	Turnover 1982-83 £m	1981-82 £m	% change	Profit 1982-83 £m	1981-82 £m	% change	ROCE	Employees	Year end
251	Hayward Group	11	251	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
252	Reliance Group	11	252	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
253	Leira Group	11	253	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
254	Scottish Metropolitan	11	254	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
255	Morrisons	11	255	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
256	Hallam	11	256	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
257	Hepworth & Son	11	257	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
258	Intemex Group	11	258	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
259	United	11	259	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
260	British Assurance	11	260	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
261	Stetley	11	261	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
262	Libby F. J. C.	11	262	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
263	Coastal Group	11	263	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
264	Dalco Group	11	264	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
265	Alliant London Properties	11	265	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
266	First National Finance	11	266	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
267	Horizon	11	267	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
268	Wilson (Commodity) Holdings	11	268	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
269	Guinness	11	269	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
270	Verde	11	270	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
271	Hickson and Welch (Holdings)	11	271	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
272	Scala Group	11	272	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
273	McKenna Brothers	11	273	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
274	Manfield Brewery	11	274	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
275	Hudson P. Ind.	11	275	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
276	Flight Refuelling (Holdings)	11	276	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
277	Samuel H.	11	277	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
278	Stanley	11	278	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
279	Grindings	11	279	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
280	Charterfield Properties	11	280	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
281	Southern Property Services	11	281	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
282	Hopland Estates	11	282	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
283	United Parts	11	283	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
284	Applied Computer Tech.	11	284	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
285	British Tech.	11	285	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
286	Newsprint	11	286	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
287	SGS Group	11	287	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
288	Reliance	11	288	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
289	Car Job (Domestic)	11	289	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
290	Tool Group	11	290	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
291	Providence Finance	11	291	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
292	Security Holdings	11	292	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
293	Garrard and National	11	293	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
294	Aldred and Smith	11	294	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
295	Bradley	11	295	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
296	Travis and Arnold	11	296	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
297	London and Northern Group	11	297	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
298	Fraser & Neave	11	298	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
299	Mowlem John and Co.	11	299	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
300	Morgan Crucible Company	11	300	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
301	British Air Auction Group	11	301	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
302	Union Discount Company	11	302	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
303	Debonair Industries	11	303	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
304	Marston, Thompson	11	304	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
305	Property Holdings and Invest.	11	305	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
306	Candace Resources	11	306	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
307	United Newspapers	11	307	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
308	Stalder	11	308	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
309	Memo	11	309	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
310	Bastob	11	310	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
311	East and New	11	311	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
312	Turner and Newall	11	312	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
313	Property Security Int. Trust	11	313	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
314	Hampson Gold Mining Area	11	314	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
315	London and Liverpool	11	315	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
316	Brent Chemicals Internat.	11	316	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
317	Steel Brothers	11	317	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
318	Devy Corporation	11	318	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
319	UBA	11	319	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
320	Crish Nicholson	11	320	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
321	Home Chem	11	321	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
322	British	11	322	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
323	Link House Publications	11	323	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
324	Brown Matthews	11	324	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
325	Reliance	11	325	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
326	Collins Williford	11	326	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
327	Virman Group	11	327	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
328	Stalder	11	328	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
329	Asprey and Company	11	329	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
330	Bryant Holdings	11	330	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
331	United Real Property Trust	11	331	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
332	Stewart Holdings	11	332	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
333	LCP Holdings	11	333	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
334	London Shop Property Trust	11	334	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
335	Peasbury	11	335	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
336	Black Park Holdings	11	336	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
337	Howden Group	11	337	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
338	St. L. Holdings	11	338	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
339	Prosser	11	339	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
340	Associated Distilled Prods.	11	340	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
341	Adwest	11	341	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
342	St. L. Holdings	11	342	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
343	Brown Boylston (Holdings)	11	343	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
344	Quayle, Most Properties	11	344	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
345	Regional Properties	11	345	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
346	Reliance	11	346	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
347	McQuinn	11	347	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
348	Dublin	11	348	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
349	Stetley	11	349	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
350	Vantona Vytilla	11	350	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
351	Wholesale Distribution	11	351	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
352	Land Investors	11	352	25.0	24.5	2.0	0.5	0.5	0.0	2.0	4,000	31.12.82
353	Premier Cons Offshores	11	353	25.0	24.5	2.0	0.5	0.5	0.0			

